

# FRAUD FOCUS

March - April 2000

## PROFILE

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### Jersey Jouster

*New office aims variety of weapons at high rate of fraud*

By MICHAEL E. DIEGEL

Susan, the television ad says, is living it up. And indeed, the young woman dancing the night away in a club appears to be having a great time. But it turns out she's living it up on a fraudulent insurance claim, and the message to New Jersey residents is they're paying for the party.

The ad is sponsored by the state Office of the Insurance Fraud Prosecutor (OIFP), and it's just one of several ways the office, headed by Edward Neafsey, is trying to change the climate for fraud in a state known for some of the largest cases ever uncovered.

The office was created in May 1998 with the enactment of the Automobile Insurance Cost Reduction Act of 1998 (AICRA), a response to the state's highest-in-the nation auto insurance rates. The act moved the civil investigators who had been working in the Department of Banking and Insurance over to the OIFP in the attorney general's office criminal justice section. At the same time, the act beefed up the criminal side of the AG's business.

"[The act] consolidated all enforcement, criminal and civil, of all insurance fraud matters and all Medicaid matters," Neafsey explained. In its first full year, the OIFP was comprised of 115 civil investigators, 85 criminal investigators, and a budget of \$25 million, which Neafsey expects will increase.



The office also has at its disposal 30 deputy attorneys general to prosecute criminal cases and 15 for civil enforcement. While they report to the attorney general and not the OIFP, Neafsey said, "they're here physically and we rely on their advice."

When the office was created, Neafsey was chief of the environmental crimes bureau, pursuing a different type of white-collar criminal. When the attorney general asked if he was interested in running the new office, "I was intrigued by the experiment of having both sides- civil and criminal - in the same office. It was unique to the division and I was attracted to that challenge."

Neafsey added that he also has always been attracted to prosecuting white-collar criminals, which is more difficult than other types of crimes.

The OIFP's mission is to investigate allegations of Medicaid and insurance fraud. Each case that is referred to this office is assigned to an intake unit for review. That unit makes the decision whether to pursue the case and open a file on it, and whether to track the case criminally or civilly. It's usually civil.

**Civil start** - "Overwhelmingly, that's how the cases start out," Neafsey said. "At any point, it could go criminal if the evidence warrants it, and then be referred to a criminal investigator.

"Often, you don't have the information you need [at the beginning of the case] to make the decision at that time," he added. But at the same time, you don't want to wait to start the "gumshoe work" until a decision to go criminal is made.

His philosophy is that every case should be thoroughly investigated; the case should essentially try itself in court," and the longer you wait, the harder a criminal investigation becomes.

The office also coordinates all insurance-related anti-fraud activities of state and local departments and agencies. They

have a law enforcement liaison to maintain contacts with the state and municipal police throughout New Jersey; most contact with those agencies is related to auto scams such as staged accidents or faked insurance cards.

To assist with these efforts, the OIFP last year began a training academy for civil investigators. The first class of 35 investigators was formed in February to train under an intensive program developed by the OIFP and modeled after criteria set by the state's Police Training Commission. Attendees were trained in areas that included ethics, report writing, surveillance, rules of evidence, developing sources of information, interviewing techniques, computer fraud, and preparing witness and courtroom testimony.

**Grants** In addition, the state provided \$5 million for a County Prosecutor Insurance Fraud Reimbursement Program, *which* the OIFP administers. Sixteen county offices were awarded two-year grants to create or expand insurance fraud investigation units, hiring personnel and purchasing equipment devoted solely to insurance fraud cases. The OIFP also has named a former county prosecutor to be the liaison to the county prosecutors' offices.

Then there are those ads. The OIFP budgeted \$1.2 million for the campaign, which includes television, radio, and bus boards "trying to get the word out to the New Jersey insurance-paying public that we're here and you can help," Neafsey said.

The campaign was developed after consultation with the Pennsylvania Insurance Fraud Prevention Authority, the Massachusetts fraud bureau and the coalition.



Neafsey, like officials in the states mentioned above, believes that education is a big part of the battle, and the campaign includes a research component designed to measure public attitudes and knowledge about fraud before and after the campaign.

"That will be the best measuring stick," Neafsey said. He's not going to be concerned about the relative number of cases, reasoning that as fraud is deterred, the number will go down. And he is a firm believer that white-collar crime can be deterred.

The campaign was launched in mid-October last year and will run through the spring, then be evaluated for next year. While it's much too soon to judge results, Neafsey said the initial reaction thus far has been very positive.

In addition, calls to the state's hotline increased 50 percent ("We make sure we have a human being to talk to them," Neafsey added) and generated a number of new case files, though again it's too soon to tell results.

The campaign is focused on hard fraud. In addition to Susan, who you met above, there's Richard, who chats on a cell phone as he tours his large estate funded by fraudulent activities. On radio, a man thanks honest policyholders for standing by while he files claims that financed a new car, a pool, a big-screen television, a speed boat and more.

The message is in the tagline: "New Jersey's fed up!" Neafsey believes the emphasis on hard fraud and the appeal for help from the public will avoid criticism that the campaign is heavy handed.

"We're not out to chill the right you have to collect what's due," he said. It's just that he wants the criminals to know this: "We're going to go after you and utilize all the tools that the law gives us."

***By The Numbers: Office of Insurance Fraud Prosecutor***  
**All figures are preliminary for 1999 except jail sentences**

New criminal investigations .....	349
Defendants .....	134
Convictions .....	78
Defendants receiving jail term .....	16
Average sentence .....	3-4years
Restitution ordered .....	\$5,286,576
Criminal fines .....	\$114,500
Civil investigations .....	10,457
Consent orders/agreements .....	543
Civil fines .....	\$1,383,860
Referred for licensing action .....	84

*Source: The New Jersey Office of Insurance Fraud Prosecutor*

## SEEKING DETERRENCE: THE FOCUS OF FIRST YEAR EFFORTS OF NEW JERSEY'S OFFICE OF INSURANCE FRAUD PROSECUTOR

by Edward M. Neafsey, Assistant Attorney General and New Jersey's Insurance Fraud Prosecutor

It was political fallout from New Jersey's unfortunate distinction of having the highest automobile insurance rates in the nation which led the State Legislature in 1998 to enact stronger anti-fraud laws, establish the Office of Insurance Fraud Prosecutor (OIFP) under the authority of the Attorney General John J. Farmer, Jr., and mandate a more coordinated approach to investigating and prosecuting insurance and Medicaid fraud.<sup>1</sup> Created to consolidate criminal and civil enforcement within a single agency, OIFP houses both criminal and civil investigators, who respectively investigate violations of New Jersey's penal code and civil insurance fraud laws, which are then prosecuted by deputy attorneys general.<sup>2</sup>

During 1999, its first full year of operation, OIFP emphasized criminal prosecutions, targeting licensed practitioners and professionals who commit insurance or Medicaid fraud. In 1999, OIFP criminal investigations and prosecutions resulted in 134 indictments and accusations, 78 convictions, with 16 of those convicted receiving an aggregate of more than 50 years in jail, and imposition of \$6,395,197 in fines and restitution.

OIFP views cases resulting in jail sentences as the start of a long term project of educating the courts and the public about the true harm and real costs to society that white collar crime entails, and the imperative of taking it seriously despite court dockets filled with violent crimes. Therefore, OIFP strives to jail white collar criminals who see fraud as the way to make easy money. Through the imposition of jail time, OIFP is sending the message that white collar crime does not pay. Because I believe criminal prosecution with its stigma of criminal conviction is one of the most effective ways to deter white collar crime, OIFP places a premium on criminal prosecution, with the dual goals of seeking justice and achieving deterrence.

The types of insurance fraud cases handled by OIFP Criminal during the past year are varied, but can be grouped into one of several major categories, generally relating to health or automobile insurance. It should be noted that many false or inflated medical claims arise out of injuries allegedly sustained in automobile accidents and may also increase the cost of the personal injury protection (PIP) component of a consumer's automobile insurance.

### Defendants Receiving Jail Time (1999)

Dr. Jayen Shah	Jan. 7, 1999	disability insurance fraud	5 years
Ronald Cavigliano	Feb. 26, 1999	auto "give up" insurance fraud	8 years
Mohammad Javid	Feb. 26, 1999	false Medicaid claims by blood lab	10 years
Tahir Sherani	April 1, 1999	false Medicaid claims by blood lab	364 days
Rehan Zuberi	April 30, 1999	false Medicaid claims by blood lab	6 years
Leonid Giller	June 4, 1999	Medicaid transportation fraud	90 days
Feloc Zak	June 4, 1999	Medicaid transportation fraud	90 days
Karen lawder	June 4, 1999	Health Care Claims Fraud (1st prosecution)	3 years
Allen Kearney	Aug. 11, 1999	health insurance fraud	90 days
Hani Elias	Aug. 20, 1999	fake insurance i.d. cards	364 days
Ernest Woodson	Sept 9, 1999	Health Care Claims Fraud (slip & fall)	364 days
Sharon DaCosta-Barren	Sept. 10, 1999	then by Blue Goss, Bhre Shield employee	4 years
Susan Malady	Nov. 5, 1999	then from hospital by nurse	5 years
Jack Chesner	Dec. 7, 1999	attempted property insurance fraud	4 years
Vivian Decree	Dec. 9, 1999	health insurance fraud	5 years
Dr. Lawrence Nessman	Dec. 15, 1999	health insurance and PIP fraud	364 days
TOTAL			54 3/4 YEARS

Health insurance claims fraud is committed when a person makes a false statement in a document used to determine whether monetary benefits are due, or the amount of such benefits, with regard to a health insurance claim. In New Jersey, health insurance claims fraud by a practitioner is a second degree crime, punishable by between five and ten years in prison, and any other individual who commits health insurance claims fraud is guilty of a third degree crime or, if he or she submits at least five claims which are worth at least \$1,000, a second degree crime.<sup>3</sup>

Among the numerous cases of fraudulent health insurance claims prosecuted by OIFP in 1999 were those of John Amabile, a formerly licensed optometrist, Karen Lawder, a licensed, clinical social worker, and Lexington Chiropractic. On August 10, 1999, a State Grand Jury indicted Amabile on charges of attempting to defraud 29 insurance carriers and health benefits plans of more than \$200,000 by submitting false health insurance claims. The indictment alleges that Amabile attracted large numbers of patients to his offices by offering routine eye exams and glasses at little or no cost, and then used the patients' insurance information to bill their carriers for optometric services which he had not provided. In addition, Amabile is charged with directing his staff to make false entries in the optometric charts of 997 patients in order to falsely document his insurance billings in the event the claims were questioned. Amabile's license to practice optometry has been revoked by the State Board of Optometrists and a \$ 1.1 million civil penalty has already been imposed. The criminal charges are pending in court.

The first case prosecuted under New Jersey's Health Care Claims Fraud Act" is that of school counselor and licensed clinical social worker, Karen Lawder. Lawder falsified five claims forms and invoices, submitting \$4,000 in bogus personal medical bills to her health insurer for counseling sessions which she had neither attended nor paid for. After pleading guilty to one count of second degree health care claims fraud, Lawder lost her public position and her license and was sentenced to three years in jail.

As a result of an undercover investigation in which State investigators posed as accident victims, the office manager of Lexington Chiropractic was indicted for second degree theft by deception and falsifying records. This indictment, which is pending in court, charges that investigators went to Lexington Chiropractic on more than 50 treatment days, received kickbacks and received instructions from the office manager on how to ensure the success of their personal injury claims. For the three investigators who finished "treatment" for their non-injuries, the indictment charges that Lexington overbilled by adding another 40 false treatment dates to the bills submitted to insurance carriers. The Amabile and Lexington Chiropractic cases are particularly egregious because of the amount of damage, both financial and institutional, that provider fraud causes to the health care system.

The involvement of law enforcement officers in criminal conduct undermines public confidence. and cannot be reconciled with a government of laws. Accordingly, OIFP emphasizes the need for aggressive prosecution where law enforcement personnel are found to have violated the criminal law. On September 29,1999, former East Orange police officer Phillip Major pleaded guilty to official misconduct and conspiracy to commit theft, bribery, falsifying records and official misconduct. Major admitted that he wrote 16 motor vehicle accident reports for accidents which had not occurred. The false police reports were used to support 60 fraudulent insurance claims made to 11 insurance carriers and totaling more than \$900,000 in PIP and property damage claims and bodily injury lawsuit settlements. Major also admitted to being a "runner" for two northern New Jersey chiropractors. Major, facing a possible sentence of ten years in prison, has agreed to cooperate in the investigation of others involved in the scheme and the investigation is ongoing.

In another case prosecuted by OIFP involving a "runner" or "capper," in February 2000, Abigail Romero was sentenced to three years in jail for having acted as a "runner" and giving bribe money to a Newark police officer in return for automobile accident reports. Romero used the police accident reports to solicit patients for health care providers. On November 29, 1999, Romero pleaded guilty to conspiracy and bribery, both second degree crimes, admitting that she had acted as a "runner" who paid cash bribes to a Newark police officer, who, unknown to Romero, had been posing as a corrupt officer as part of an undercover investigation conducted by the Newark Police Department and OIFP.<sup>5</sup>

Among the crimes of most concern to OIFP are staged accidents. OIFP views this type of case as particularly important, not merely because of its economic effect, but, even more significantly, because of the consequent threat to public safety presented when accidents are intentionally caused on our busy roadways. One of the most egregious cases of this ilk prosecuted by OIFP during 1999 was that of Anhuar Bandy and his coconspirators. In July 1999, ten people were arrested and search warrants executed at eight chiropractic clinics and medical offices across northern New Jersey. Arrest warrants were obtained for two additional defendants who remain fugitives. The complaints charge Bandy with being a leader of organized crime, and with conspiracy to commit racketeering and health care claims fraud. Bandy is charged with paying people to stage automobile collisions in order to obtain patients for his numerous chiropractic clinics, and thereby generate billings under the PIP portion of automobile insurance policies. The conspirators are all charged with conspiracy to commit health care claims fraud for their respective roles in participating in staged accidents which resulted in fraudulent billings being submitted to various insurance carriers. For example, the complaints allege that a staged accident on July 15, 1998, resulted in more than \$35,000 in false PIP billings, a staged accident on September 9, 1998, resulted in more than \$32,000 in false PIP billings, a staged accident on March 31, 1999, resulted in \$33,594 in false PIP billings, and a staged accident on April 23, 1999, resulted in more than \$6,000 in false PIP billings. This case is the first organized fraud ring penetrated by undercover investigators from OIFP and the first organized automobile insurance fraud ring prosecuted under the tough new Health Care Claims Fraud statute.<sup>6</sup> The investigation is continuing.

Automobile "give up" schemes, wherein the owner or lessee of a vehicle voluntarily turns it over (the "give up") to a middleman, who then disposes of the vehicle, are another type of automobile insurance fraud prosecuted by OIFP. "Give ups" are sometimes undertaken to terminate expensive lease arrangements by having the insurance company pay the leasing company the value of the vehicle, often with some of the insurance proceeds being paid directly to the individual who leased the vehicle. Where a person gives up a vehicle which he owns, the entire insurance proceeds will be paid to the owner. Cars obtained by middlemen in give up schemes may be shipped overseas for sale, sent to "chop shops" and disassembled for parts, or simply abandoned in a public place after the insurance company has "purchased" the vehicle by paying the claim, usually following a period of approximately 30 days. Some vehicles may be arsoned for the insurance money. While investigating "give up" cases, OIFP works very closely with the New Jersey Division of State Police.

Stealing automobile insurance claim money through falsely reporting vehicles as stolen is an increasing trend, and OIFP prosecuted numerous such "give up" cases during 1999. More recently, in February 2000, OIFP and the New Jersey State Police arrested 18 people, including two municipal police officers, who were engaged in a conspiracy to steal more than \$105,000 from auto insurers through falsely reporting that vehicles had been stolen. The defendants allegedly voluntarily relinquished their vehicles to middlemen who sold them to undercover New Jersey State Police detectives.

During 1999, OIFP also prosecuted various cases of unemployment fraud, disability fraud and workers' compensation fraud. False claims in these areas can deplete the funds available to legitimately out of work or injured workers and can increase the cost to businesses, which may ultimately pass the increased cost along to the public in the form of increased prices for consumer goods and services. OIFP works closely on these types of insurance fraud with both the Workers' Compensation Division of the State Department of Labor and the Labor Prosecutions Unit of the Division of Criminal Justice. Among the labor-related insurance fraud cases prosecuted during 1999 was that of Lawrence Ford, Sr., who was charged with cashing 217 workers' compensation checks, totaling \$152,781, which had been issued to his deceased father. According to the indictment, Ford's father had legitimately received the benefit payments until his death in October 1989 and since that time Ford had continued to collect and cash his father's checks. This case, which is pending in court, was referred by the New Jersey Division of Workers' Compensation after new computer technology designed to uncover workers' compensation fraud revealed potential fraud.

An example of a disability insurance fraud case prosecuted by OIFP is that of Dr. Jayen C. Shah, who was sentenced to five years in prison on January 7, 1999. Shah had taken out disability insurance policies which would have paid him over \$5,000 per month. Thereafter, he falsely claimed to have been paralyzed in a bus accident. While pretending to be confined to a wheel chair in order to collect insurance money, Shah, disguised in a wig and sunglasses, was filmed by representatives of New York Life Insurance Company walking to a restaurant. The insurer forwarded the film to the Division of Criminal Justice for investigation and prosecution. A law enforcement "sting" operation was set up, whereby Shah was lured back into the country under the guise of receiving settlement money, and was arrested. In addition to his prison sentence, Shah paid full restitution to the defrauded carriers, repaid over \$70,000 in undeserved disability payments to the Social Security Administration and paid a \$45,000 civil penalty. Shah's medical license was revoked by the Board of Medical Examiners. On September 15, 1999, the Appellate Division heard and denied Shah's appeal of his sentence as excessive. This case is an example of the good results engendered by effective communication between industry and law enforcement concerning ongoing insurance fraud.

A significant portion of OIFP's criminal prosecutions are cases of Medicaid fraud. Because the Medicaid program is designed to pay for certain medical needs of the disabled and the economically disadvantaged, Medicaid fraud may reduce the monies available to fund the program and, in essence, amounts to stealing from the poor. This makes Medicaid fraud a particularly odious white collar crime. In New Jersey, the State's share of Medicaid expenditures constitutes approximately 15% of the annual budget.<sup>7</sup> During 1999, OIFP's Medicaid Fraud Unit policed approximately \$5 billion in medical assistance payments.

OIFP's Medicaid Fraud Unit investigates and prosecutes health care providers who defraud the Medicaid program. Medicaid fraud occurs when a provider fraudulently receives medical assistance payments to which he is not entitled or in a greater amount than that to which he is entitled. Thus, a provider who knowingly makes a false representation in a claim for Medicaid benefits will have committed both Medicaid fraud and health care claims fraud.

The Medicaid program is unique in that it pays for non-emergency transportation for all Medicaid recipients. Historically, this has been an area prone to abuse, so that a large portion of Medicaid fraud cases arise from the provision of invalid coach services, often by inflating the mileage reimbursement costs. Among the Medicaid transportation cases prosecuted by OIFP during 1999 is that of Medicall, an invalid coach transportation company. Following up on an anonymous tip that Medicall was inflating mileage charges to the Medicaid program, OIFP investigators surveillance of Medicall vans resulted in a comparison of distances actually driven to those claims later submitted to the Medicaid program. According to the indictment, the investigation revealed that Medicall was grossly inflating mileage charges, and the owners of Medicall were indicted for defrauding the Medicaid program of more than \$500,000. During execution of a search warrant, ten \$95,000 certificates of deposit in the defendants' names were found and are the subject of a related forfeiture complaint. The indictment and the related forfeiture action are pending in court,

Among other Medicaid fraud cases prosecuted by OIFP during 1999 is that of the Family Enrichment Institute, a drug and alcohol center. On December 7, 1999, the Institute, its clinical director, executive director and two employees were indicted on charges of filing false Medicaid claims. This case, the first Medicaid fraud indictment under the Health Care Claims Fraud Act, resulted from an OIFP undercover operation in which three State Investigators went to the clinic to seek counseling services, but each attended only the initial evaluative session. According to the indictment, the clinic thereafter submitted bills to Medicaid for an additional 14 visits which never occurred. The investigation identified an additional 1,178 false claims on other Medicaid recipients, including eight submitted for treatment after the death of a patient. Because three of the defendants are licensed social workers, the matter will also be referred to the appropriate professional licensing board.

On February 26, 1999, Mohammad A Javid, the former manager of a diagnostic laboratory was sentenced to ten years in prison on his convictions for money laundering and Medicaid fraud. Javid paid kickbacks to the operators of several clinics in northern New Jersey to induce them to send blood samples to Javid's lab for unnecessary testing. To hide the money, the defendants set up "shell companies" to receive the kickbacks and launder the money stolen from the Medicaid program. Tahir S. Sherani, one of the clinic owners, often submitted blood to Javid's lab which he had obtained from drug-addicted Medicaid recipients, who in return received prescriptions. Other samples were drawn from people willing to sell their blood for money and were sent to Javid's lab under the names of Medicaid recipients. Sherani was convicted of Medicaid fraud in January 1999 after a three week jury trial.

OIFP's interest in deterrence leads it to target smaller fraud cases as well as large-scale organized ring cases. One such smaller case concerned Ernest Woodson, a "slip and fall" scam artist who was making a modest living visiting grocery and drug stores. For example, on June 17, 1998, Woodson claimed he fell at a Wawa convenience store, injuring his hip and breaking his glasses. The claim was settled with the insurer for the store for under \$1,000. On July 7, 1998, Woodson informed personnel at a Rite Aid drug store that he had fallen on their premises, breaking a tooth and damaging his glasses. This claim was settled for over \$4,000. On September 4, 1998, Woodson claimed that he fell at a grocery store, injuring his left knee and, again, damaging his glasses. He received \$1,000 to settle this claim. As a result of OIFP's prosecution, Woodson was sentenced to serve 364 days in the county jail.

A comprehensive anti-fraud program calls for both criminal and civil enforcement. Thus, OIFP does not seek to do justice and achieve deterrence solely through criminal prosecutions. Rather, OIFP determines on an individual basis whether the facts of each case are more appropriately addressed through civil enforcement actions, revocation of professional licenses or criminal prosecutions. Further, since a case thoroughly investigated will essentially try itself in court, regardless of the civil or criminal forum, OIFP conducts detailed, thorough and quality investigations of all matters of alleged insurance fraud, whether civil or criminal enforcement is warranted. Indeed, OIFP's mission is to thoroughly investigate allegations of insurance fraud in order to fully develop the facts and evidence in each case. In that way, the State is able to make a reasoned and informed decision as to how to best allocate its resources, whether to proceed with a criminal prosecution, civil enforcement action, licensing revocation, or some combination of available legal remedies.

Civil insurance fraud cases occur when a person violates the New Jersey Insurance Fraud Prevention Act.<sup>8</sup> That statute provides that a person or practitioner commits civil insurance fraud by, among other enumerated conduct, submitting a false statement in support of a claim for benefits from an insurer, or in submitting a false statement or making a material omission on an application for insurance.

OIFP made substantial use of the available civil enforcement sanctions during 1999. OIFP civil attorneys resolved 1,148 matters, including enforcement actions on previous settlements, amounting to \$3,076,650 in civil penalties. In this same period, OIFP civil investigators obtained 209 signed consent orders wherein individuals admitted their acts of insurance fraud and agreed to pay \$726,900 in civil fines. Thus, OIFP's civil investigations and prosecutions resulted in 1,357 civil resolutions aggregating \$3,803,550 in civil fines. During 1999, OIFP also referred 91 cases for licensing actions, and the relevant professional boards concluded disciplinary actions imposing sanctions against 26 individuals.

Conducting its own investigations and enforcement actions is, however, only a portion of OIFP's legislative mandate. OIFP is also responsible for coordinating all insurance-related prosecutions and anti-fraud activities of State and local departments and agencies in order to enhance New Jersey's fully integrated law enforcement system. Among other liaison and coordination functions during 1999, OIFP reached out to municipal police departments, with the recognition that their officers are on the front line in detecting many types of insurance fraud and that their actions can strongly impact on the quality of ensuing investigations. OIFP completed a "roll call" video for the use of local police departments, which indicates the ways in which police officers can help combat auto insurance fraud stemming from vehicle accidents.

OIFP also appointed a deputy attorney general to serve as a liaison with the 21 county prosecutor's offices. This liaison established procedures for coordinating referrals, investigations and prosecutions with the county offices. OIFP provided \$5 million in additional funding over a two year period to the county prosecutor's offices, in order that the offices could enhance their insurance fraud investigations and prosecutions, and provided an introductory four-day insurance fraud training program for assistant prosecutors and county investigative personnel. According to information provided to OIFP by 20 of the 21 New Jersey counties, during 1999, the counties investigated 509 individuals for suspected insurance fraud. Through efforts like the roll call video and the county prosecutor liaison program, OIFP is enlisting the support of local law enforcement in combating fraud.

Additionally, through its public awareness campaign, OIFP is spreading the message in New Jersey that insurance fraud is not a victimless crime, but rather is an economic crime adversely impacting all law-abiding citizens. During its first few months of operation, OIFP placed billboard ads in some of the more populated areas around the State advising the public of our toll free hotline number to report suspected insurance fraud. In October 1999, a \$1.2 million public awareness campaign began, which features a series of television and radio spots with the theme "New Jersey's Fed Up" with insurance fraud.

The second wave of ads began airing in February 2000. These ads prominently feature OIFP's toll free number for reporting insurance fraud and OIFP's website.<sup>9</sup> By telling honest citizens how to take action, we are also sending a message to cheats. In addition to the television and radio ads, ad panels on buses appear on six NJ Transit routes covering major cities and metropolitan areas in the State.

In carrying out its legislative mandate to "provide for a more effective investigation and prosecution of fraud than exists at the present time," OIFP has found that focusing on thorough and fair investigations leads to appropriate and effective prosecutions and sanctions. Although the political issues engendered by the high cost of auto insurance in New Jersey originally led to its creation, OIFP cannot be political. Like any other law enforcement agency, OIFP's reputation will depend upon the cases it investigates and successfully prosecutes. This requires knowing where to draw the line and in deciding whether a case is better handled civilly, criminally, or not at all. By first conducting a full and fair investigation, OIFP is able to undertake that decision in a fully informed manner. In its first full year of operation, OIFP's accomplishments firmly established its position within New Jersey's law enforcement community, making solid cases, whether large or small, and moving them to a just conclusion. During 2000, OIFP will remain focused on making large impact cases while simultaneously prosecuting smaller cases to maintain our message of deterrence in the public eye. ,

1' The Governor and New Jersey Legislature provided the newly seated OIFP with civil, criminal and administrative enforcement tools with which to accomplish its goals. For example, the health care claims fraud statute, *N.J.S.A. 2C:21-0.3*, increased criminal penalties for fraud committed by professionals or health care providers and mandated loss of license upon conviction. See Vemiero, "Consolidating Anti-Fraud Enforcement New Jersey's Initiative; *NAAG Health Care Fraud Report*, Mar/April 1999. Additionally, on July 12, 1999, in recognition of the role played by 'runners' or 'coppers' in facilitating fraud, a new law criminalizing acting as a runner or ruining a runner to solids diems or patients to fate insurance claims was added to New Jersey's arsenal See *N.J.S.A. 2C:21-22.1*. OIFP anticipates that the new law criminalizing this conduct will provide leverage in obtaining cooperation, so that doctors and lawyers who hire runners can be prosecuted

2' OIFP, located within the New Jersey Division of Criminal Justice, employs 73 criminal investigators, 115 suit investigators and 30 deputy attorneys general to prosecute the criminal cases developed. Civil enforcement litigation generated by the OIFP civil investigators is prosecuted by 13 deputy attorneys general assigned to the New Jersey Division of law but horned with OIFP's stag. With offices located in the north, central and southern areas of New Jersey, OIFP maintains a State-wide presence.

3' See *N.J.S.A. 2C:4.3*. Health care fraud, of course, can also be prosecuted as theft or attempted theft, but New Jersey's health care claims fraud statute has the advantage of providing a lower monetary threshold. While, pursuant to *N.J.S.A. 2C:20-2*, a person must have submitted at least \$75,000 worth of false claims to have committed a second degree *theft*, under the Health Care Claims Fraud Act, a practitioner can commit a second degree crime by submitting even *one* fraudulent claim, and any other person can commit a second degree crime by submitting five or more fraudulent claims seeking at least \$1,000 in payment. Prosecution under the Health Care Claims Fraud Act can reduce the number of documents submitted at trial by making the fraudulent conduct rather than an arbitrary dollar amount the focus, thus allowing a jury to better follow evidence of guilt. In New Jersey, the range of imprisonment applicable to a second degree crime is five to ten years, and conviction carries a presumption of incarceration. *N.J.S.A. 2C:43-6a(2)* and *N.J.S.A. 2C:44-1 d* The range of sentence upon conviction of a third degree crime is three to five years, but there is a presumption that a first offender convicted of a third degree crime will not receive a sentence of imprisonment. *N.J.S.A. 2C:43-6a(3)* and *N.J.S.A. 2C:44-1e*.

4' *N.J.S.A. 2C:4-2, et seq.*

5' Romero was not also charged with being a neuter because the conduct occurred prior to the recent enactment of legislation criminalizing running. See *N.J.S.A. 2C:21-22.1*.

6' *N.J.S.A. 2C:21-4.3*.

7' The Medicaid program is equally funded by federal and State tax dollars and is different in each state.

8' *N.J.S.A. 17:33A-0*.

9' OIFP's toll free hotline number is 1.877.SSFRAUD and its website can be found at



The TIMES

## Hamilton sergeant eyed in insurance probe

02/01/00

By MICHAEL JENNINGS and WENDY RUDERMAN  
Staff Writers

A Hamilton police sergeant is a focus in the probe of a complex insurance scam that defrauded both insurers and fire victims, according to sources close to broad investigation by federal, state and local agencies.

Sgt. Jeffrey Nemes, who operates a construction business on the side, is believed by law enforcement officials to have participated in the theft and forgery of insurance checks -- a charge he vehemently denies.

Investigators believe that endeavor was an element of a broad criminal enterprise they are looking into that allegedly was led by Marc Rossi, a former Mercer County narcotics detective, in which fires were set to fuel a variety of scams. .

Other than rumor, Nemes said last night he has no knowledge of, and was not a part of, any insurance fraud or check forgery conspiracy.

"I have not been approached by any investigators regarding Rossi and the fires," Nemes said. "They're not looking into me for arsons or any of that. I haven't been told by anyone that I'm a target of any investigation."

Nemes, his voice breaking, said the allegations are the worst thing he's ever experienced. "I have had an unblemished police career for 15 years," Nemes said. "It's just unfortunate that this whole thing is taking place."

Investigators suspect Rossi had fires set, in part, to drum up business for his firm, Rossi Adjustment Services. Rossi is a public adjuster. Public adjusters often show up at fires hoping to persuade victims to hire them to assess property damage and negotiate an insurance settlement for a fee.

ED NEAFSEY, the state's special fraud prosecutor, said the investigators are looking for evidence of "theft, forgery and conspiracy with arson included as the underlying crime."

**State v. Jeffrey Nemes**

"It's being viewed as an insurance fraud scam because money is what drives everything," he said.

Last Friday, investigators from the federal Bureau of Alcohol, Tobacco and Firearms, the state police, the state Division of Criminal Justice, Mercer County Prosecutor's Office and Trenton police fanned out in Mercer and Burlington counties to search four homes, four businesses including Rossi's adjusting firm and a Hamilton restaurant he has an interest in - and Rossi himself. Numerous records were confiscated but no arrests have been made.

Nemes, who is also deputy chief of the White Horse Fire Co., allegedly used his status as a police officer and firefighter to allow Rossi to cross police and fire lines to gain illegal access to fire victims, according to sources.

In turn, Rossi referred customers to Nemes' contracting firm to do the demolition, and repair work, sources say. Allegedly Nemes or Rossi forged signatures on insurance checks to pay for repairs that were never done or done unsatisfactorily, according to at least two dissatisfied clients.

STATE LAW says public adjusters can only contact potential clients during regular business hours during the first 24 hours after a loss, according to the state Department of Banking and Insurance.

"I adamantly deny that that ever took place," said Nemes, who suggested that public adjusters were spreading rumors because they may have been jealous of Rossi.

"What I've learned over the past few years regarding public adjusters is that public adjusters are involved in a very cut-throat business, and they prey on victims and they want to get jobs."

But Hamilton Police Chief Richard Taylor said he ordered Nemes to stop doing any fire restoration work in Hamilton in 1997 after Hamilton cops complained to him about Nemes allowing Rossi to cross fire lines. Taylor said Nemes asked his permission to do the demolition work after arsonists gutted the Country Barrel Inn on South Broad Street in Hamilton.

The Barrel's owner, Joe Michnisky, said he hired Nemes on Rossi's recommendation.

Nemes, an administrative sergeant for a patrol bureau, remains on full duty, according to township police Capt. Kevin Pollard. The captain said Nemes' business relationship with Rossi was the reason the department asked ATF and the county prosecutor's office last July to limit Hamilton's role in investigating the arsons at the Barrel and the Baron Athletic Association social club in Hamilton.

## **State v. Jeffrey Nemes**

RICK WEBER, an agent with the ATF, said the Barrel and Baron fires are "connected," but he declined to elaborate.

Pollard said the investigation quickly focused on Rossi's possible role in the two fires, which were set five days apart last April.

"Some of the information developed mentioned (the Nemes-Rossi) relationship and questioned whether Sgt. Nemes had known of those illegal activities," Pollard said.

John Angeloni, owner of the Hamilton Square Deli, is one of several fire victims who claim Nemes scammed them. He says he suspects Nemes had a part in forging the insurance checks from his insurance company. The checks were issued for work that still has yet been completed, he charged, pointing to a grill and freezer that still aren't hooked up, 20 months after his store's fire.

"The two of them gave me a screwing," he said. "Rossi brought (Nemes) here saying (Nemes) was the man to do the job of fixing this place up. He promised we'd be open in six months. After eight months I had to borrow \$11,000 so I could reopen. There are 22 items on the punch list still not done.

"He said all the insurance money was gone and the job was not close to being done; it still isn't. My insurance company didn't know about the checks being forged until the state detectives showed up a few months ago."

He said he is still paying for the fire. Many customers found other shops during the 11 months he was closed, and the grill and fryer once added more than \$ 100 a day to his income.

Nemes contends Angeloni owes him money.

"He's been open for business for quite some time, and I still haven't been paid in full on that job," Nemes said. "This is the first I'm hearing that there is a forged check. I have no knowledge of any forgery or forged check."

Angeloni and Nemes are taking their dispute to court, each saying they have filed a lawsuit against the other.

Angeloni's lawyer, Barry Frost, did not respond to several phone calls yesterday. Nemes' civil lawyer, Richard Fornaro, said he didn't want to discuss the lawsuits publicly.

SALVATORE Masterpole Jr., a Trenton firefighter, is making similar charges against Nemes.

He and his wife, Susan, are still waiting for Nemes to rebuild their Quintin

## **State v. Jeffrey Nemes**

Avenue home that was destroyed by a two-alarm fire in July 25, 1998. They have filed a civil lawsuit, claiming Nemes deposited a \$54,000 check with Salvatore Masterpole's forged signature into his CoreStates Bank account and never finished the job.

Shortly after the fire, which a tenant renting the house started accidentally in the kitchen, Masterpole hired Rossi, who steered the construction job to Nemes, according to Masterpole's lawyer, Gregory J. Giordano.

According to Giordano, Masterpole discovered that someone had forged his signature on a check when he called Allstate Insurance Co. after Nemes told Masterpole he couldn't finish the job because all the insurance money had ran out.

"I got a copy of the canceled check and, lo and behold, it's got my client's signature on it," Giordano said. "Nemes deposited it in his bank account without the endorsement of the mortgage holder or the knowledge of the homeowners, and then he didn't do the work,"

Nemes has filed his own suit, claiming Masterpole owes him about \$43,000. Nemes claims the Masterpoles had minimum insurance coverage on the house because it's a rental.

"The Masterpoles were responsible to pay additional monies for that work to be completed," Nemes said. "They didn't want to pay the extra money to complete the work."

Nemes said the Masterpoles did have knowledge of the insurance money given to Nemes' company.

"The Masterpoles all along have known where that money was. They even got some money back," Nemes said. "He knew that my company had the insurance money. I have a signed contract that allowed that check to be deposited in my account."

NEMES SAID HE has many satisfied customers and has often done work without getting paid.

The appearance of Rossi or Nemes at fires causes problems for other public adjusters.

"Hard-working, reputable public adjusters are at a disadvantage when they show up at a fire and see Marc Rossi and Jeff Nemes already on the scene," said one public adjuster.

"You've got Nemes, who is either wearing a police uniform or a fire chief's uniform, pointing Rossi out and saying, 'Do business with him.' These people trust him because he's in uniform."

"Nemes has thrown the homeowners right into the wolf's mouth," another public adjuster said referring to Rossi. The public adjusters spoke on condition of anonymity.

## **State v. Jeffrey Nemes**

Investigators believe Rossi is the central figure of the scam but say they are closer to the beginning rather than the end of their probe. Rossi worked for the prosecutors office from 1985 until November 1991. He was suspended without pay from his job as an undercover narcotics detective following a Nov. 16 confrontation with two college students at a Washington Township bar.

Two Trenton State College students accused Rossi of pointing a gun at them outside the Sky View Country Club. Rossi, who was off duty at the time, claimed he identified himself as an officer, displayed his badge and attempted to avoid a fight, according to published reports.

Shortly after being forced to resign from the Mercer County Prosecutor's Office, Rossi was hired in August 1993 by State Farm Insurance Co. as an insurance fraud investigator. The company fired Rossi in January 1997, according to State Farm spokesman Chris Neal, who declined to give the reason for Rossi's termination.

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# REVERSAL OF FORTUNE

Trentonian file photo Hamilton police  
Sgt. Jeff Nemes faces theft and  
bribery charges.

By JEFF EDELSTEIN  
Staff Writer

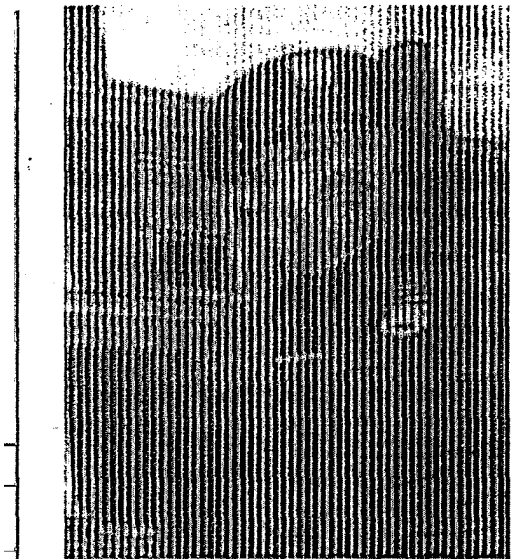
- Hamilton police Sgt. Jeff Nemes has been brought up on bribery and theft charges.

Sgt. Jeff Nemes of the Hamilton police force was arrested and arraigned Wednesday, charged with one count of second-degree theft and one count of second-degree bribery in connection with his alleged ripoff jobs while doing work as a contractor.

Nemes, who was also a firefighter, is charged with bilking three customers out of money or repair work. He also is charged with bribing a Hamilton fire chief, asking him to take his time fighting fires and requesting that he knock out additional doors and windows as he went along.

The charges were brought by the state's Attorney General's office, which has been investigating the matter since last September.

State v. Jeffrey Nemes



"The investigation is not completed," said Deputy Attorney General Lew Korngut, "and there will be more arrests."

While Korngut didn't say who else may be arrested, Marc Rossi, the owner of Rossi Adjustment Services, has been under investigation in the same matter.

In November, Rossi, an independent insurance adjuster, had his South Clinton Avenue office raided by federal and state investigators who were looking for evidence of an arson and fraud ring.

Sources told *The Trentonian* that Rossi and Nemes worked in concert when Nemes, as a firefighter, would tip off Rossi to fires in progress, and allow Rossi to cross the fire line to talk with the victims immediately, thereby increasing his chances of being hired as an adjuster.

The sources also alleged that Rossi then would recommend the victim hire Nemes to do the necessary repairs.

Nemes was released on \$2,500 cash bail, causing Rossi's lawyer, Jerome Ballarotto, to speculate that Nemes is cooperating with authorities.

"I'm kind of surprised," Ballarotto said. "You would think they would arrest everybody at one time. Unless they're using Nemes. This has all kinds of implications."

He added that he "certainly hopes the AG's office will arrest the right people."

Korngut would not say whether or not Nemes is cooperating.

And despite Korngut's saying that Nemes' alleged crimes are "not in any way connected to his role as a police officer," Nemes was suspended by Hamilton Police Chief Richard Taylor.

"He has been suspended without pay immediately," Taylor said shortly after the arraignment. "We'll let the court system run its course. Everyone is innocent until proven guilty but, with something like this, I have no other choice."

Taylor also spoke about allegations that, after he found out about Nemes' actions at fire scenes, he told him to stop doing it, orders that Nemes then disregarded.

"That is something that has been said and will be addressed," Taylor said. "I'm aware the allegations have been made. It's known."

If convicted, Nemes faces five to 10 years in jail and a \$75,000 fine for each count.

While Korngut would not say who the three people are that Nemes allegedly ripped off, many homeowners and business owners have lawsuits pending against Nemes.

John and Flora Angeloni, the owners of the Square Deli on Whitehorse-Hamilton Square Road, nearly had their business destroyed by an electrical fire in May 1998. They hired Rossi as the adjuster and he then recommended Nemes to do the repair work.

"There were 22 items he charged us for that he never took care of," Mrs. Angeloni said in December.

## State v. Jeffrey Nemes

The Trentonian

Another person involved in a lawsuit is Trenton firefighter Salvatore Masterpole.

Masterpole, whose Quintin Avenue home was destroyed by fire in July 1998, claims that Nemes deposited a \$54,000 check forged with Masterpole's signature as payment for repairing his house. Masterpole claims the work was never finished - although Nemes has countersued him, seeking to reclaim \$43,000 he says Masterpole owes him.

The attorney general's office is asking for people who have any information about Nemes or Rossi to call its tip line at either (609) 896-8812 or (877) 375-0309.

*The Trentonian 2000*

State v. Jeffrey Nemes



# Officer charged with fraud

05/18/00

By WENDY RUDERMAN and GENIKWA WILLIAMS

Staff Writers

TRENTON - Hamilton police Sgt Jeffrey C. Nemes, allegedly one of the key players in an elaborate insurance fraud scheme, found himself on the other side of the law yesterday when he was charged by the state with theft and bribery.

Nemes, who turned himself in after a Superior Court judge signed a warrant for his arrest, was immediately suspended and will no longer receive his \$73,043-a-year salary, according to township Police Chief Richard L. Taylor.

The charges against Nemes were the first to come out of an ongoing probe, launched eight months ago by a federal, state and local task force, into a criminal enterprise that defrauded both insurers and fire victims.

Investigators, who yesterday promised more arrests and charges, believe the scam was led by Marc Rossi, a former Mercer County narcotics detective who now owns a Trenton insurance adjustment firm. Both Rossi, who has not been charged, and Nemes have said they are innocent.

"The issuance of the arrest warrant by Judge (Charles) Delehey marks a significant step in the investigation of this criminal scheme," said Ed Neafsey, the state's special fraud prosecutor. "Our office will pursue every lead as the investigation continues."

Delehey signed the arrest warrant Tuesday, and the state organized Nemes' "voluntary surrender" yesterday morning.

Nemes appeared with his wife and Trenton lawyer Scott A. Krasny before Mercer County Superior Court Judge Paul T. Koenig Jr., who set \$2,500 bail, which was posted by Nemes immediately after the 10-minute arraignment proceeding.

The charges, which are not connected to Nemes' role as a police officer, stem from the construction business that Nemes operates on the side.

## State v. Jeffrey Nemes

New Jersey Online: The Times - News

During the court proceeding, Deputy Attorney General Lewis Komgut charged Nemes with "theft by failure to make disposition of property" and "bribery in official and political matters" - both second-degree crimes carrying a maximum sentence of five to 10 years in prison and up to \$75,000 in fines.

Investigators allege that Nemes on April 22, 1998, offered to pay \$500 to a Hamilton fire chief in exchange for putting out a fire more slowly so the property would suffer more fire damage, according to Komgut and a complaint filed in court. The complaint does not name the chief.

In addition, from June 20, 1998, to the present, Nemes allegedly accepted a total of \$112,000 in insurance money to do construction work on three fire-ravaged properties, including the Ewing home of Judith Tilton, a Trenton home owned by Susan and Salvatore Masterpole Jr. and the Fine Fare Grocery Store located in Ewing and owned by John Kim, according to a second complaint.

"These people did indicate that they trusted Mr. Nemes because he was a police officer," said Komgut, who stressed that the charges are "mere allegations."

A state grand jury will now consider the charges and decide whether to indict Nemes on those charges or any others. No date was set yesterday for grand jury proceedings.

Investigators believe Nemes agreed to do the jobs, took the insurance payments but never did the repair work.

"He was supposed to do repairs and he didn't do them," said 59-year-old Kim, who has owned the store for more than 16 years. "He took the money. If he wasn't going to do the work, he should have given back the money."

Komgut said all three fire victims used Rossi Adjustment Services. Rossi then referred the property owners to Nemes' contracting firm to do the repair jobs, he said.

Investigators suspect Rossi had fires set, including the April 6, 1999, blaze that destroyed the Country Barrel Inn and a small fire at the Baron Athletic Association just days after the Barrel fire, to drum up business for his firm.

Rossi is a public adjuster. Public adjusters often show up at fires hoping to persuade victims to hire them to assess property damage and negotiate an insurance settlement for a fee -- usually 10 percent.

Salvatore Masterpole hired Nemes to rebuild his Quintin Avenue home after it was destroyed by a two-alarm fire July 25, 1998. That fire was started accidentally by a tenant renting the home.

MASTERPOLE HAS filed a civil lawsuit, claiming Nemes forged Masterpole's signature on a \$54,000 insurance check and then deposited it into his bank account.

Nemes, however, has filed his own lawsuit, claiming

## **State v. Jeffrey Nemes**

New Jersey Online: The Times - News

Masterpole owes him about \$43,000. Nemes claims the Masterpoles had minimum insurance coverage on the house because its a rental. Nemes has said the Masterpoles did have knowledge of the insurance money given to his company.

Nemes, who is also deputy chief of the White Horse Fire Co., allegedly used his status as -a police officer and firefighter to allow Rossi to cross police and fire lines to gain illegal access to fire Victims, according to sources.

In tum, Rossi referred customers to Nemes, sources say.

Although Nemes and his lawyer quickly left the courtroom without comment yesterday, Nemes, in an interview after the Times first broke the story in January, adamantly denied any wrongdoing. He suggested that public adjusters were spreading rumors because they may have been jealous of Rossi's success.

But Hamilton Police Chief Richard Taylor had said he ordered Nemes to stop doing any fire restoration work in Hamilton in 1997 after Hamilton cops complained to him about Nemes allowing Rossi to cross fire lines. Taylor said Nemes asked his permission to do the demolition work after arsonists gutted the Barrel on South Broad Street in Hamilton.

The Barrel's owner, Joe Michnisky, had said he hired Nemes on Rossi's recommendation.

In a February article, Rossi's lawyer, Jerome Ballarotto, said his client is innocent and has "nothing to hide."

Hamilton Mayor Glen Gilmore yesterday called the charges against Nemes "tragic."

"Anytime an officer is accused of a crime, its a particularly hard blow for the entire community," Gilmore said.

He said fellow police officers had gone to Nemes' home last night and removed his badge and gun.

Gilmore said he believes the police department and township have handled the matter properly and responsibly.

HOWEVER, HAMILTON Councilman Vinnie Capodanno criticized the police department for not launching an internal investigation of Nemes. Capodanno called for an investigation of the entire force.

"You're talking about the integrity of a police officer's Job," Capodanno said. "Criminal allegations toward a police officer are very severe. There should have been an internal investigation to see if this officer should have been released on restricted duty."

Taylor said Capodanno "doesn't know what he's talking about."

## State v. Jeffrey Nemes

New Jersey Online: The Times - News

"If we took every person who is tried in the newspapers and put them on restricted duty, we would not have a police force," Taylor said.

Taylor said there was no local police investigation because the case became the attorney general's concern ..as soon as it broke."

"The investigation of a criminal matter by the attorney general's office precludes any internal investigation that the department could have done," Taylor said.

Gilmore said restricting Nemes' work assignments prior to the filing of any formal charges would have been irresponsible.

"Thaft one of the surest ways to ensure that we have additional litigation against our township," he said. "in fact Chief Taylor, when suspicions were raised about one of his own officers, requested that the county prosecutors office handle this matter."

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## **State v. Jeffrey Nemes**

-- Suspended Hamilton Police Sgt. Jeff Nemes had been accused of being a cocaine user in 1998, but was vindicated when he passed a mandated drug test.

By JEFF EDELSTEIN

Staff Writer

Suspended Hamilton Police Sgt. Jeff Nemes was accused of being a cocaine user nearly two years ago, but passed a mandated drug test, Chief Richard Taylor confirmed Thursday.

Taylor, while not discussing the particulars of the Memorial Day 1998 incident, did say that the matter was "thoroughly checked out" and that a drug test was administered to Nemes the following day, which he passed. "Everything was done by the numbers," Taylor said. "He is not, and was not, a drug user."

But according to other law enforcement sources, the test was not administered until five days after the fact.

The 1998 incident - which the sources related to *The Trentonian* - say Nemes responded to a call involving a fight between two women outside Our Lady of Sorrows church on the East State Street extension.

As it turned out the women were related to Marc Rossi, the insurance adjuster whom authorities believe Nemes worked with in an alleged scam where he bilked fire victims of money paid for his work as a contractor.

Nemes was charged Wednesday by the attorney general's office with one count each of theft and bribery in connection with the scam.

Rossi has not been charged as of yet, but investigators believe he was the kingpin in the operation.

After the fracas outside the church was broken up, one of the women showed up at the Hamilton police station, alleging dates and times that Nemes did cocaine -- including once at a mayor's ball.

A five-page, handwritten police report -- which was made available to *The Trentonian* -- was done up by the lieutenant on duty.

State v. Jeffrey Nemes

*The Trentonian*

The officer was going to contact Internal Affairs, but the sources say he was instructed by a superior not to do so.

Five days later, the sources allege, Nemes voluntarily took the drug test.

"This kid is protected all the way up the line," one of the sources said.

Taylor denied the five-day delay, calling the story "absolutely untrue" and the alleged failure to follow protocol "absolute lies."

The chief went on to say that the matter was indeed handled by Internal Affairs, and that the department's protocols are "stronger than the Attorney General's guidelines."

"If you complain about an officer, the supervisor must interview you, the report is copied and the chain of command is followed," Taylor said. "And a copy of the report must be in my office by the close of the business day."

While Taylor was fending off these allegations, he was being attacked by Hamilton Councilman Viinnie Capodanno about why he allowed Nemes to continue to be on the street while he was being investigated by the state.

"Nemes should've been on restricted duty," Capodanno said. "God forbid this guy did something wrong. Here's a guy under investigation, holding a gun, running a patrol unit. Who knows what somebody might do under that stress. Thank God this guy didn't snap."

Capodanno also said that he's been told by dozens of police officers that morale within the department is at an all-time low.

"There is no morale problem," Taylor said. "Mr. Capodanno has no standing in this police department. Everything he gets is from a small knot of haters."

Taylor also said that in any case where they know somebody is under undue stress, "they are closely monitored."

"His performance was excellent," Taylor said. "Any inkling of something wrong, I would've taken him off the street."

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## State v. Jeffrey Nemes

# Hamilton cop indicted in insurance fraud case

By PETER ASELTINE

Staff Writer

Hamilton Police Sgt. Jeffrey C. Nemes was indicted yesterday by a state grand jury on a charge that he stole more than \$75,000 in insurance money from five people who hired his construction company to repair fire-ravaged properties.

Nemes, 34, of Lea Drive in Hamilton allegedly was one of the key players in an elaborate insurance-fraud scheme. He faces a maximum sentence of 10 years in prison and \$75,000 in fines if convicted.

Nemes was indicted on a charge of theft by failure to make required disposition of property because he allegedly took insurance money from the fire victims but failed to complete the repairs he was hired to make or failed to return their money, according to the two-page indictment announced by state Criminal Justice Division Director Kathryn Flicker.

Since his arrest in May, Nemes has been free on bail but has been suspended without pay from his \$73,000-a-year job with the township police. The charges stem from his construction business, Nemes Enterprises, and are not connected to his job as a police officer.

Nemes' lawyer, Scott A. Krasny, did not return a telephone call seeking comment yesterday afternoon.

Nemes also was charged with bribery in May, but yesterday's indictment does not include that charge. The bribery charge remains under investigation, according to state deputy attorney general Lewis Korngut, who presented the case to the grand jury.

On April 22, 1998, Nemes allegedly offered to pay \$500 to a Hamilton fire chief in exchange for putting out a fire more slowly so the property would suffer more fire damage, according to a complaint filed in court before his arrest. The

complaint does not name the chief.

The charges against Nemes came out of an ongoing probe, launched in 1999 by a federal, state and local task force, into a suspected criminal enterprise that allegedly defrauded both insurers and fire victims.

Investigators believe the scam was led by Marc Rossi, a former Mercer County narcotics detective who now owns a Trenton insurance adjustment firm. Both Rossi, who has not been charged, and Nemes have said they are innocent. The investigation into Rossi is continuing, a law enforcement source said.

In February, shortly after the initial reports that Rossi was under investigation, the insurance adjuster's attorney, Jerome Ballarotto, declared, "They can investigate until hell freezes over for all we care."

"There's nothing to hide here," the prominent Mercer County criminal attorney added. "They didn't say what they are looking for and we don't care what they are looking for." Rossi hired the attorney two days after investigators searched his home and businesses.

The theft charge against Nemes relates to four properties: the Ewing home of Judith Tilton, a Trenton home owned by Susan and Salvatore Masterpole Jr., a rental property in Trenton owned by Richard Calla and the Fine Fare Grocery Store in Ewing owned by John Kim, according to the indictment.

State v. Jeffrey Nemes

# The Trentonian

December 19, 2000

## HOME IMPROVEMENTS: Failure to fix houses leads to indictment

By JEAN LEVINE

Staff Writer

A Hamilton Township police sergeant who also works as a building contractor was indicted yesterday by a state grand jury on a charge that he stole at least \$75,000 in insurance money for failing to complete repair for four Trenton area homeowners whose properties sustained fire damage, according to the state Attorney General's office in Trenton.

Jeffrey Nemes, 34, of Lea Drive, Hamilton - suspended from the police force on May 17 without pay after the insurance fraud charge was filed by the Attorney General and who owns and operates Nemes Enterprises in Hamilton - was indicted on a single count of theft by failure to make necessary repairs on the victims' property. If convicted, he could receive a maximum 10-

year prison term and a fine of \$75,000.

Around June 20, 1998, Nemes, who is the volunteer deputy chief of the Whitehorse Fire Company in Hamilton, took money to make home repairs or do restorations on the properties of Susan and Salvatore Masterpole, John Kim, Judith Tilton and Richard Calla -according to the indictment.

Kathryn Flicker, New Jersey Director of Criminal Justice, said Nemes failed to complete the work or to return the balance of the insurance proceeds.

Sources say that Nemes was allegedly in partnership with Marc Rossi, an insurance adjuster, Hamilton resident and former Mercer County detective who runs an insurance firm on South Clinton Avenue in Trenton whom the suspect would allegedly allow behind fire lines at a residence to make a pitch to fire vic-

tims. While Rossi would close that end of the deal, Nemes would do side work as a contractor on the victims' homes. Police sources said that they complained to Hamilton Police Chief Richard Taylor for years about Rossi being allowed behind fire lines, but that Taylor never did anything about it.

Taylor said he allowed Nemes to keep working as a superior officer until May 17th, the day when the Attorney General's office filed the charges against the suspect. At that time, he was suspended without pay.

"We took him (Nemes) off regular duty when he was finally charged by the Attorney General's office," Taylor said. "If he's found not guilty when this case goes to trial and is not convicted he will be reinstated with full back pay. But, if he is (convicted) he will be terminated."

Emily Hornaday, a spokeswoman for the Attorney General, said Rossi was not named in the indictment.

State Deputy Attorney General Lewis Korngut presented the case to the grand jury. The indictment was handed up to Superior Court Judge Linda R. Feinberg, Mercer County assignment judge and has been assigned to Mercer County for trial.

An indictment is merely an accusation, Hornaday said. The defendant is presumed innocent unless or until proven guilty.

Neither Rossi nor Nemes have returned numerous calls from *The Trentonian* seeking comment.



## Medicaid claim scam uncovered; two charged

By ERIC D. LAWRENCE  
The Express-Times

NEWARK - The owner of a Hunterdon County nursing home and the facility's administrator allegedly defrauded Medicaid of more than \$117,000 in bogus reimbursement claims during a three-year period.

A Mercer County grand jury has indicted David Hofstetter, 69, who owns Stone Arch Health Care Center in Franklin Township, Hunterdon County and administrator

Nancy Tofani, 42, of Whitehouse Station, who is also vice president of the organization, on multiple charges, according to a statement from the New Jersey Department of Law and Public Safety.

Hofstetter lives in the Pittstown area of Franklin Township, officials said.

Both have been issued summonses charging them with two counts of Medicaid fraud and one count each of conspiracy, theft by deception and misconduct by a corporate offi-

cial, the statement said. They are free on their own recognizance.

Neither could be reached for comment Tuesday.

"The accusation is that Hofstetter...directed Tofani to prepare false reports and she complied," said division spokesman Lee Moore. "We consider it a significant amount of money."

They allegedly obtained \$117,535 in Medicaid payments.

Hofstetter and Tofani allegedly submitted bogus annual cost reports between January 1993 and December 1996. The cost reports, which form the basis for Medicaid's per diem reimbursement to such health care facilities, listed the salary and benefits of a "no show" employee and the cost of an inoperative patient transport bus, the statement said.

The "no show" employee was Hofstetter's daughter, Lee Martindale, according to John J. Smith, assistant attorney general in the Office of Insurance Fraud Prosecutor.

No charges are pending against Martindale, Smith said.

She had worked at the facility until 1988 as a licensed practical nurse and is listed as treasurer on company documents, according to Moore.

The investigation is continuing. If convicted on just the conspiracy and theft by deception charges, Hofstetter and Tofani could be sentenced to between five and 10 years in prison and fined \$100,000 on each count, the statement said.

The case will be tried in Hunterdon County, the statement said.

**State v. Stone Arch Health Care Center., Inc.**

# The Jersey Journal

February 26, 2000

## Former professor indicted on insurance fraud counts

**By Daniel Klein**  
Journal staff writer

HARRISON - A former math professor at the New Jersey Institute of Technology and town resident was indicted on 10 counts of insurance fraud yesterday, for allegedly submitting more than 140 fraudulent claims totaling in excess of \$40,000, officials said.

Xun-Cheng Huang, 53, was charged with one count of health care claims fraud, three counts of theft by deception, three counts of falsifying records relating to medical care and three counts of forgery, according to Edward M. Neafsey, insurance fraud prosecutor for the New Jersey Department of Law and Public Safety.

"Health care fraud of any magnitude contributes to the price all New Jerseyans pay for health insurance," Neafsey said. "Through prosecutions like this we are seeking to deter anyone, whether a public servant, practitioner or claimant, from satisfying their own greed and illegitimately (driving) up the cost of health insurance."

The indictment alleges that Huang, while working as a math professor at NJIT between January 1996 and September 1996, submitted 64 fraudulent claims through the State Health Benefits Program.

The indictment also says that the amount of the claims submitted during that period totaled \$19,470, of which Huang received \$14,936.

Investigators from the Office of Insurance Fraud revealed that the four doctors listed as practitioners either did not exist or indicated that they never provided the claimed services.

Neafsey said that while Huang was teaching at NJIT from January to De-

cember of 1995, he submitted 56 similarly false claims to the Prudential Insurance Company, the major medical carrier of his State Health Benefits Program.

The amount of that attempted theft was about \$27,200, according to officials. Huang allegedly collected about \$24,520, they said.

After leaving NJIT, Huang allegedly submitted another 20 fraudulent claims

between October 1996 and May 1999, through a policy obtained by his daughter, while she was a student at the University of Pennsylvania,

Huang received about \$968 from these claims, nine of which were submitted after the enactment of the Health

Care Claims Fraud Act, according to Neafsey.

The HCCF Act, implemented in January 1998, will allow the state to collect an additional fine of up to five times the fraud amount.

If convicted on all counts, Huang could spend up to 10 years in prison and pay \$150,000 in fines, plus the HCCF Act penalty.

### State v. Xun-Cheng Huang

## Clifton Couple Indicted in \$190G Medicaid Drug Scam

Mar 3 2000 11:01 PM By A. SCOTT FERGUSON Herald & News

A Clifton couple have been indicted on charges they milked Medicaid out of \$190,000 by buying back medicine from HIV patients and over-billing the federally funded program for drugs and supplies.

The state grand jury in Trenton indicted Hanan Selim, 32, a licensed pharmacist and Wael Aly, 34, the pharmacy's manager, on charges of buying back HIV drugs, such as Serostim, from patients. The two would then bill Medicaid as though they purchased the drug legally and then re-distribute those drugs to customers.

The two allegedly made approximately fraudulent 36 claims for Serostim and other pharmaceutical items, according to the indictment.

The couple - who live on Norwood Avenue in Clifton - are each charged with one count of second-degree conspiracy and one count of third degree Medicaid fraud. Selim and Aly are also charged with health care claims fraud.

According to the indictment, the false billing occurred between August 1997 and August 1998 in Paterson Community Pharmacy located in Paterson. The store operated under the corporate name of Harlan Pharmacy, Inc.

If convicted on all counts, the two each face possible prison terms of 10 years and fines of up to \$150,000. Selim could also lose her pharmacist's license.

Officials said the two suspects have no known criminal convictions.

Smith said the patients were not named in the indictment because they are possible witnesses.

Smith said many patients sell their prescriptions back, but he would not comment on why these patients were returning their medicine for money.

Smith said pharmacies are investigated by the Division of Medicaid Assistance and Health Services' Bureau of Program Integrity when records show discrepancies in billings.

Bail for the two was set at \$50,000 each. The passport of Aly - an Egyptian national - was confiscated.

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**State v. Hanan Selim and Wael Aly**

## Paterson briefs

*Saturday, March 4, 2000*

### **Paterson couple indicted in prescription drug scam**

PATERSON -- A city pharmacist and her husband were indicted Friday for a prescription drug scam that allegedly cheated the Medicaid program of \$170,000 and left HIV-positive patients without their prescribed medication.

Hanan Selim, 31, a co-owner of the now-closed Paterson Community Pharmacy on Main Street, 'was charged with conspiracy and health-care claims fraud, and faces up to 10 years in prison if convicted, authorities said. Her husband, Wael Aly, 33, was indicted on the same charges.

The couple live on Norwood Avenue in Clifton. According to state Insurance Fraud Prosecutor Edward M. Neafsey, the two routinely billed Medicaid for dispensing medications when, in fact, they were keeping some drugs, and paying off patients for participating in the scam.

The scam allowed the two to increase their inventory of expensive drugs at low cost, he said.

"You have the pharmacy satisfying their greed on the genuine needs of the sick people," said Neafsey. "They encouraged and facilitated persons who are seriously ill to sell their prescriptions."

Neafsey said it would require a doctor to determine the extent of suffering by the patients who allegedly had to get by without their medication.

Neafsey said the patients will not be charged with crimes related to their alleged participation in the scam partly because of their poor medical condition and partly because they cooperated in the investigation.

**State v. Hanan Selim and Wael Aly  
(Paterson Community Pharmacy)**

Selim's lawyer, David Schmidt, said he was unaware of the indictment until contacted and declined comment Friday evening.

According to the indictment, the scam involving the drug Serostim occurred in 1997 and 1998. The indictment did not detail how many alleged transactions took place between the couple and the patients.

Neafsey did say the pharmacy came under suspicion when state auditors noticed "exorbitantly high" Medicaid billings.

- *DAN KRAUT*

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**State v. Hanan Selim and Wael Aly  
(Paterson Community Pharmacy)**

# THE STAR LEDGER

March 9, 2000

## Pair indicted in insurance fraud scheme

By MaryAnn Spoto  
and Debra Dolwing  
STAR-LEDGER STAFF

A state grand jury yesterday indicted two Union County women on charges they bilked an insurance company of more than \$77,000 when one of them posed as a doctor for an Elizabeth health care facility.

Carrell Martin, 40, of Plainfield was not a doctor and never treated patients, yet she allegedly endorsed 37 checks made payable to her from U.S. healthcare Inc.-from 1991 to 1995, said state Insurance Fraud Prosecutor Edward Neafsey. Martin was able to get the checks because Darlene McDaniel, 43, of Scotch Plains, used her position as officer manager for Family Health Care Center in Elizabeth to bill the Insurance company in Martin's name for services never rendered and patients never seen, Neafsey said.

After Martin endorsed the checks, McDaniel deposited them into her own account at United Jersey Bank and then made large cash withdrawals to give Martin her share of the stolen money, he said.

The activity was uncovered when staff at Family Health Care Center found uncashed checks made payable to Martin in McDaniel's desk after she was laid off in January 1998 for an office reorganization, Neafsey said. He said staff did not recognize Martin as being a doctor of osteopathy there, triggering an internal audit. Osteopathy is the treatment of the musculoskeletal system.

The review turned up the 37 Canceled checks totaling \$77,734, he said.

It was not clear when McDaniel started working for the company, which closed in 1998.

The women, who were not arrested, were charged with conspiracy and theft by deception, two second-Degree offenses that could subject them to up to 10 years in prison and \$100,000 in fines.

Their Newark lawyers, Raymond Goodwin representing Carrell and Raymond Hamlin representing McDaniel, declined comment yesterday, noting they had not seen the indictments. Local police in Scotch

Plains and Plainfield declined comment as well, although they were not involved in the Attorney General's Office probe.

Last year, the Office of Insurance Fraud Prosecutor opened 344 Criminal Investigations of insurance or Medicaid fraud, handled 87 prosecutions and lodged charges against 134 Defendants, said Attorney General John J. Farmer Jr.

Of those prosecutions, 78 resulted in convictions, with 16 of those defendants sentenced to jail and ordered to pay a total of more than \$1 million in criminal fines and \$5 million in restitution, he said.

The office also pursues matters through civil court. Attorneys there resolved 1,148 cases totaling more

Than \$3 million in civil penalties. Office investigators obtained 209 consent orders totaling nearly \$730,000 in sanctions, Farmer said.

**State v. Carrell Martin and Darlene McDaniel**

## **Hospital bilked of \$77G in fake doctor scheme**

**Published in The Courier-News 6/6/2000**

By KATHLEEN HOPKINS Gannett New Jersey

A former office manager for a defunct health-care center in Elizabeth admitted Monday that she and another woman defrauded a Union County hospital of more than \$77,000.

Darlene McDaniel, 43, of Scotch Plains pleaded guilty state before Superior Court Judge John Triarsi in Elizabeth to third-degree conspiracy and third-degree theft by deception in connection with the thefts she committed in her capacity as office manager of the Family Health Care Center in Elizabeth. The center was run by Union Hospital in Union Township until it was closed last year.

Between 1991 and 1995, McDaniel stole \$77,734 from the health-care center by falsely portraying another woman - Carrell Martin, 40, of Plainfield -- as an osteopathic physician employed by the facility, said state Insurance Fraud Prosecutor Edward M. Neafsey.

McDaniel diverted insurance payments by U.S. Healthcare to Martin, who would endorse them and deposit them into her personal bank account. The pair then split the proceeds.

A 1998 audit uncovered the fraud. That audit was prompted by suspicions that arose because Martin was not on the center's list of physicians, Neafsey said. Martin pleaded guilty May 15 before Triarsi to one count of conspiracy.

Triarsi on Monday told McDaniel she will be responsible for making restitution of \$38,857. Deputy Attorney General Scott R. Paterson said he will recommend a sentence of up to 364 days in Union County Jail in Elizabeth when she is sentenced July 28.

Martin is scheduled to be sentenced July 7 and will likely get a term of probation, Neafsey said. She, too must make \$38,857 in restitution.

"This theft undoubtedly contributes to the high costs for health-care-provider businesses, hospitals and health-insurance companies," Neafsey said.

**State v. McDaniel/Martin**

UNION COUNTY: Woman admits insurance-claim scam

## **UNION COUNTY: Woman admits insurance-claim scam**

Published in the Home News Tribune 6/06/00

By KATHLEEN HOPKINS  
STAFF WRITER

A former office manager for a defunct health-care center in Elizabeth yesterday admitted that she and another woman defrauded Union Hospital in Union Township of more than \$77,000.

Darlene McDaniel, 43, of Scotch Plains pleaded guilty before Superior Court Judge John Triarsi, Elizabeth, to third-degree conspiracy and third-degree theft by deception in connection with the thefts she committed in her capacity as office manager of the Family Health Care Center in Elizabeth. The center was run by Union Hospital until it was closed last year.

Between 1991 and 1995, McDaniel stole \$77,734 from the health-care center by falsely portraying another woman -- Carrell Martin, 40, of Plainfield -- as an osteopathic physician employed by the facility, said state Insurance Fraud Prosecutor Edward M. Neafsey. McDaniel diverted insurance payments by U.S. Healthcare Inc. to Martin, who would endorse them and deposit them into her personal bank account. The pair would then split the proceeds.

The fraud was uncovered during a 1998 audit prompted by suspicion surrounding the fact that Martin was not on the center's list of physicians, Neafsey said. Martin pleaded guilty May 15 before Triarsi to one count of conspiracy.

Triarsi yesterday told McDaniel she will be responsible for making restitution of \$38,857. Deputy Attorney General Scott R. Paterson said he will recommend a sentence of up to 364 days in the Union County Jail when she is sentenced July 28.

Martin is scheduled to be sentenced July 7 and will likely get a term of probation, according to Neafsey. She, too must make \$38,857 in restitution.

"This theft undoubtedly contributes to the high costs for health-care-provider businesses, hospitals and health-insurance companies," Neafsey said. "The Office of Insurance Fraud Prosecutor will investigate and prosecute those persons whose greed takes money out of all our pockets and even prices health-care insurance out of reach for some people."

from the Home News Tribune

### **State v. McDaniel/Martin**

6/6/2000 9:27 AM



# THE STAR LEDGER

July 29, 2000

## **2 women sentenced for insurance fraud**

ELIZABETH: Two women were sentenced yesterday for their roles in stealing more than \$77,000 from a health insurance company after one of them posed as a physician.

In a long, tearful speech to Superior Court Judge John Triarsi Darlene McDaniel said she was ready to accept her punishment for using her position as office manager for Family Health Care Center in Elizabeth to steal the money.

Her friend, 41-year-old Carrell Martin of Plainfield, admitted to lending her name to McDaniel, who falsely portrayed Martin as a physician at the center, which no longer exists, in order to collect checks from U.S. Health Care that the pair kept for themselves. In all, they stole \$77,734 between 1991 and 1995.

Triarsi, who ordered McDaniel to perform 200 hours of community service and to repay half the stolen money, sentenced the 43-year-old Scotch Plains resident to 180 days in jail and to three years' probation.

State v Darlene McDaniel and Carrell Martin

# BURLINGTON COUNTY TIMES

March 30, 2000

## Three indicted for Medicaid fraud Willingboro man is among those charged

By Janet Picknally  
BCT staff writer

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A Willingboro man is among three owners of a medical-transportation service indicted yesterday for Medicaid fraud, the New Jersey attorney general said.

Named in a four-count indictment were Boris Milman, 44, of Willingboro; Alexander Soyfer, 49, and Vadim Boguslavskiy, 51, both

Of Woodbridge, Middlesex County;

and their company, A&B Invalid Coach Inc. of Woodbridge.

They were charged with one count each of 'second-degree conspiracy and second-degree theft by deception, and two counts of third-degree Medicaid fraud, Attorney General John J. Farmer Jr. said in a press release.

Milman, Soyfer and Bogus--

lavskiy also were charged with second-degree misconduct by a corporate official, Farmer said.

The indictment alleges that between November 1995 and February 1997, A&B defrauded Medicaid of \$141,460 by falsely certifying that various Medicaid recipients needed the company's invalid

coach services.

The company and its owners

also are charged with inflating mileage, resulting in overpayment of more than \$7,770, and with conspiring with a Middlesex County chiropractor to bill Medicaid for twice the number of actual patient visits.

The chiropractor pleaded guilty last June to Medicaid fraud, Farmer said.

"This case is particularly egregious because the defendants took advantage of people who were poor or infirm in perpetrating this fraudulent scheme," said state Insurance Fraud Prosecutor Edward M. Neafsey.

If convicted on all counts, the defendants each face up to 10 years in prison and fines of up to \$100,000, Farmer said.

**State V. A&B Invalid coach**

# THE STAR LEDGER

March 30, 2000

## **Trio face charges of Medicaid fraud**

WOODBIDGE: A state grand jury has indicted two township - men and an accomplice for submitting over \$140,000 in false bills to the Medicaid program, authorities said yesterday

Alexander Soyfer, 49, and Vadim Boguslavskiy, 51, and Willingboro resident Boris Milman are accused of using their transportation company to submit bills for services never performed with the help of a Parlin chiropractor, authorities said.

Fraud investigators said A&B Invalid Coach Inc. and chiropractor Stephen Plinio over-billed Medicaid by double the number of visits patients made from November 1995 to February 1997. A&B also inflated mileage and provided unnecessary transportation services to over-bill Medicaid by \$7,700, according to the state Attorney General's office.

Plinio pleaded guilty in June 1999 to third-degree Medicaid fraud for his dealings with A&B. The other three men were each indicted on four counts including second-degree conspiracy, second-degree theft by deception, and two counts of third-degree Medicaid fraud.

## **State v. A&B Invalid Coach, Inc.**

# Three men charged in false Medicaid claims

By LONNIE MACK  
STAFF WRITER

TRENTON -- Two Woodbridge men, a Willingboro man and their Woodbridge-based invalid coach company have been charged in a five-count state grand-jury indictment for allegedly collecting \$140,000 in false Medicaid claims.

Alexander Soyfer, 49, and Vadim Boguslavskiy, 51, both of Woodbridge; Boris Milman, 44, of Willingboro, and A&B Invalid Coach Co. were named in the indictment Thursday, according to Attorney General John J. Farmer.

The three owners and the company, Farmer said, are charged with one count of second-degree conspiracy, one count of second-degree theft by deception and one count of third-degree Medicaid fraud. The three owners are also charged with one count of second-degree misconduct by a corporate official..

If convicted, state Insurance Fraud Prosecutor Edward M. Neafsey said, they face up to 10 years in prison and fines up to \$100,000 each.

The company and its officials, according to the indictment, defrauded Medicaid out of \$141,460 between November 1995 and February 1997. A&B, Neafsey said, certified to the Medicaid agency that some 65 to 70 Medicaid recipients were in need of invalid coach services.

Surveillance conducted by state Investigator David Weinfeldt of the state Office of Insurance Fraud Prosecutor determined that people did not need the transportation or the treatment.

Most of the unsuspecting recipients, authorities said, were low-income senior citizens, many of whom spoke only Russian, who were solicited to receive free massages.

The company officials are also accused of inflating the

mileage on its trip-certification forms to the tune of \$7,700.

One of the players in the scheme, according to Deputy Attorney General Francine S. Pozner of the Medicaid Fraud Section of the Office of Insurance Fraud, was Dr.

Stephen Plinio, a chiropractor with offices in Parlin.

Plinio pleaded guilty in June to one count of third-degree Medicaid fraud in connection with his dealings with A&B Invalid Coach Inc., Pozner said.

Plinio was approached by Boguslavskiy in November 1995 and was asked to become a Medicaid provider. Pozner said the two worked out a scheme to double-bill Medicaid. Both Plinio and A&B billed Medicaid for six visits when in fact each patient only went for three visits. The two, Pozner said, conspired together to coordinate false dates for billing purposes.

The indictment also alleges that about one month after he began treating Medicaid patients from A&B, Plinio was asked by Soyfer and Boguslavskiy to stop, providing spinal adjustments to patients and then hired a masseuse as part of a kickback scheme to come to Plinio's office and administer massages to the A&B patients.

According to the indictment, Plinio was given a check for \$1,000 by the owner of the invalid coach company to continue to defraud Medicaid.

The invalid coach company also transported patients to other chiropractors in the area.

## State v. A&B Invalid Coach

## **Three men charged in false Medicaid claims**

Published in the Home News Tribune 4/01/00

**By LONNIE MACK**  
**STAFF WRITER**

TRENTON -- Two Woodbridge men, a Willingboro man and their Woodbridge-based invalid coach company have been charged in a five-count state grand-jury indictment for allegedly collecting \$140,000 in false Medicaid claims.

Alexander Soyfer, 49, and Vadim Boguslavskiy, 51, both of Woodbridge; Boris Milman, 44, of Willingboro, and A&B Invalid Coach Co. were named in the indictment Thursday, according to Attorney General John J. Farmer.

The three owners and the company, Farmer said, are charged with one count of second-degree conspiracy, one count of second-degree theft by deception and one count of third-degree Medicaid fraud. The three owners are also charged with one count of second-degree misconduct by a corporate official.

If convicted, state Insurance Fraud Prosecutor Edward M. Neafsey said, they face up to 10 years in prison and fines up to \$100,000 each.

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### **State v. A&B Invalid Coach**

## Three men charged in false Medicaid claims - Asbury Park Press

Stephen Plinio, a chiropractor with offices in Parlin.

Plinio pleaded guilty in June to one count of third-degree Medicaid fraud in connection with his dealings with A&B Invalid Coach Inc., Pozner said.

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The indictment also alleges that about one month after he began treating Medicaid patients from A&B , Plinio was asked by Soyfer and Boguslavskiy to stop , providing spinal adjustments to patients and then hired a masseuse as part of a kickback scheme to come to Plinio's office and administer massages to the A&B patients.

According to the indictment, Plinio was given a check for \$1,000 by the owner of the invalid coach company to continue to defraud Medicaid.

The invalid coach company also transported patients to other chiropractors in the area

Published on April 1, 2000

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# HEALTH CARE FRAUD REPORT

April 19, 2000

## New Jersey

### **Owners of New Jersey Transport Company Serving Invalids Indicted for Medicaid Fraud**

PHILADELPHIA-The owners of a New Jersey firm that provided transportation to invalids were indicted by a state grand jury March 29 for allegedly submitting more than \$140,000 in false billings to New Jersey's Medicaid program (New Jersey v. Soyfer. N.J. Super. Ct., No. 425-00-7, indictment 3/29/00).

Alexander Soyfer, Vadim Boguslavskiy, Boris Milman and A&B Invalid Coach Inc. were. Named in an indictment charging one count each of conspiracy and theft by deception and two counts of Medicaid fraud. The three men also were charged with second-degree misconduct by a corporate official.

Between November 1995 and February 1997, A&Z Invalid Coach allegedly defrauded Medicaid of about \$141,000. The firm certified that various Medicaid recipients required invalid coach services, although a state investigator's surveillance revealed the patients did not need the special transportation, according to New Jersey Insurance Fraud Prosecutor Edward M. Neafsey.

In addition, A&B allegedly received overpayments totaling \$7,770 by inflating mileage on its trip certification forms, Neafsey said in a statement..

The alleged scheme was carried out with the help of chiropractor Stephen Plinio, who pleaded guilty in 1999 to one count of Medicaid fraud in connection with his dealings with A&B, according to New Jersey Deputy Attorney General Francine S. Pozner (New Jersey v. Plinio, N.J. Super. Ct., No.- 99-06-00148-A, sentencing 8/23/99).

Boguslavskiy in November 1995 asked Plinio to become a Medicaid provider and convinced him to participate in a scheme in which Plinio and A&B would bill Medicaid for six visits-when each patient only received three visits; Pozner said in a statement. Plinio and A&B allegedly conspired to coordinate false patient-visit dates -for billing purposes.

Soon after Plinio began treating Medicaid patients from A&B, Soyfer and Boguslavskiy allegedly asked the chiropractor to stop providing spinal adjustments to patients, according to the indictment. A&B then allegedly hired a masseuse to administer massages to the A&B Medicaid patients as part of a kickback scheme.

The case was allocated to Middlesex County for trial. If convicted of all counts. each defendant would face up to 10 years in prison and fines of up to \$100,000.

**State v. A&B Invalid Coach  
(Soyfer, Boguslavskiy, Milman)**

Home News Tribune  
October 4, 2000

## 2 admit to defrauding Medicaid

Published in the Home News Tribune 10/04/00

ANA BLANCO STAFF WRITER WOODBRIDGE: Two owners of a former township transportation company that served the disabled have pleaded guilty to defrauding the Medicaid program of \$120,000, Attorney General John J. Farmer Jr. announced yesterday.

Alexander Soyfer of Woodbridge and Boris Milman of Willingboro, owners of A&B Invalid Coach Inc., which was located at 655 Amboy Ave., admitted in state Superior Court in New Brunswick that they billed Medicaid for transportation services they did not provide to beneficiaries, Farmer said.

The pair and a third owner, Vadim Boguslavskiy of Woodbridge, were indicted in March.

Soyfer and Milman each agreed to pay restitution of \$47,150, according to acting Insurance Fraud Prosecutor John J. Smith Jr. The defendants also agreed to forfeit three coach vans to the state; two will be sold at auction, with the proceeds applied to the restitution, while the third will be used by law-enforcement officers, authorities said.

Both defendants also agreed to forfeit \$42,000 in a corporate bank account seized by the state. They will be debarred from the Medicaid program for a minimum of five years. Each faces up to 364 days in jail when sentenced in November.

Another player in the scheme, Dr. Stephen Plinio, a chiropractor, pleaded guilty in June 1999 to Medicaid fraud. He was sentenced to four years of probation and 200 hours of community service. He was ordered to pay \$5,000 in restitution and a \$500 criminal fine.

*Ana Blanco: (732) 246-5500, Ext. 7204.*

from the Home News Tribune

**State v. A&B Invalid Coach**  
(Soyfer, Boguslavskiy, Milman)



# The Star Ledger

April 14, 2000

## Insurance Broker indicted in Phony slip and fall claim

by MaryAnn Spoto  
STAR-LEDGER STAFF

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A Grand Jury yesterday indicted a Union Township insurance broker on charges that he staged a phony slip-and-fall accident at a local grocery store and then racked up more than \$5,000 in medical bills.

Authorities said the A&P store on Galloping Hill Road in Union Township has a videotape that shows that Bruce Robert Tarlowe, 58, did not end up on the floor by slipping on a piece of lettuce, as he claimed in a civil lawsuit he filed against the company.

In a civil complaint files in August 1998 in Superior Court in Elizabeth, Tarlowe claimed he fell in the produce aisle four months earlier, Attorney General John J. Farmer Jr. said.

Tarlowe, who lives on Salem Road, visited his physician as well as doctors that attorneys for A&P requested that he see as part of the civil matter, state Insurance Fraud Prosecutor Edward M Neafsey said.

Tarlowe submitted 20 insurance claims totaling \$5,730 to U.S. Life Insurance Co. between April 12, 1998 -- the date of the alleged accident -- and March 10, 1999, Neafsey said. The insurance company paid \$3,002 directly to the physicians who provided treatment for injuries to Tarlowe's rotator cuff and elbow, among other things, Neafsey said.

But attorneys for A&P became suspicious when their physicians said the types of injuries for which Tarlowe was being treated could not have been caused by a slip-and-fall accident, Neafsey said.

With that information, store officials discovered a videotape that showed Tarlowe staged the accident, he said.

"The videotape would clearly refute the allegation he made that he ended up on the floor by slipping on a piece of lettuce, Neafsey said, who declined to describe the contents of the tape.

"The egregious part of this case is that he was selling insurance to the same people he's ripping off by cheating them and driving up their rates, Neafsey said.

The physicians who treated Tarlowe were not a target of the investigation, Neafsey said, noting that Tarlowe allegedly planned to make his money from a settlement of the civil lawsuit.

In it, he claimed he could no longer work because of his injuries.

**State v. Bruce Tarlowe**

## Disbarred lawyer indicted in insurance scam

*Thursday, June 1, 2000*

By JENNIFER V. HUGHES

Staff Writer

A disbarred Paterson attorney was one of three people indicted Wednesday for allegedly offering an Irvington Township police officer \$500 for legitimate accident reports so the lawyer could find new clients and direct them to an Essex County medical clinic he ran.

The policeman, however, was really an undercover officer who helped build the case against Mark Bendet, 52, and his wife, Imelda Toquero, 47, said Edward M. Neafsey, state insurance fraud prosecutor.

Also charged in the indictment, handed up by a state grand jury, was Eddie Boyd. The 44-year-old Carteret man allegedly worked as a "runner" -- someone who would approach accident victims and try to persuade them to go to Metro Medical Services in Irvington.

"It was a fraudulent and corrupt way to generate business for their medical company," said Neafsey, who said the crimes took place in the winter of 1998. All three defendants were allegedly involved in the bribery scheme and face conspiracy and bribery charges. Both are second-degree crimes that carry maximum terms of 10 years in prison.

Bendet was first implicated in September, when former East Orange Officer Phillip Major pleaded guilty to writing false police reports to help bolster the claims of others who faked accidents so they could file bogus reports with their insurance companies.

**State v. Mark Bendet**

June 1, 2000 Disbarred lawyer indicted in insurance scam

The ring Major was allegedly involved in operated from 1996 to 1998, with about 60 people faking more than a dozen crashes and filing \$900,000 worth of claims, Neafsey said. Only \$200,000 was paid out, he said.

During his guilty plea, Major said he and Bendet had bribed the officer to get the reports. Officials said the defendants needed to get accident reports quickly so someone could approach the victims and persuade them to go to Bendet's clinic before they went elsewhere.

Bendet could not be reached for comment, nor could his attorney, Kalman Harris Geist. Bendet, of Franklin Lakes, lost his law license after admitting in 1997 that he submitted a fraudulent claim on his own 1989 car accident. Since then, he also has been indicted for allegedly stealing a clients \$13,000 auto-accident settlement.

Neafsey said Bendet and Major are two important. targets in the state's probe into insurance fraud -- but not the two biggest or the most important.

"We're working with anticipation of more indictments being returned," Neafsey said. "Bendet is a significant piece of this scheme because he's working on the medical end, and he also had legal training."

According to the indictment, Bendet told another undercover officer, who was acting as a part-owner of the medical clinic, that if they "continued to be careful, they would not have to worry about being charged with" a crime.

The indictment states that on Jan. 22, 1999, Bendet, his wife, and Major agreed to pay the bribe to get the records. A few days later, the undercover part-owner told Bendet's wife he had the records and that the police officer wanted the money.

She told the part-owner that Major had the cash, and the undercover officer collected it, the indictment said. A few days after that, the indictment states, the undercover part-owner delivered the police reports to Bendet's wife and to Boyd, the runner.

## Ex-lawyer held on \$150,000 bail in alleged car insurance fraud

by Guy Sterling

STAR-LEDGER STAFF

A disbarred lawyer, indicted by the state with his former wife in a car insurance fraud in which state prosecutors estimated nearly \$1 million in bogus claims were allegedly submitted for payment, was held on \$150,000 bail yesterday by a judge in Newark.

Mark Bendet, 52, was held after a deputy attorney general disclosed in court that in the early 1990s the accused allegedly paid between \$40,000 and 50,000 to have a state insurance investigator murdered, a plot that was never carried out.

In asking for high bail, Deputy Attorney General Andrew Fried maintained that Bendet first hired private detectives to secretly snap a photo of Mike Lawlor, a former state trooper and the man he wanted killed. Bendet then gave the big bucks to an unnamed bar owner who in turn handed it over to the Florida hitmen, Fried said.



The alleged killers, also unnamed, even came to New Jersey at one point and stayed at a hotel in Hasbrouck Heights, he added. Fried did not say why the deal went sour but did tell Superior Court Judge Joseph A. Falcone that Passaic County prosecutors were aware of the scheme and opted not to make a case.

While asking for bail between \$35,000 and 40,000, Anthony Fusco Jr., Bendet's lawyer, argued that the matter should play no part in bail considerations because authorities never took it seriously. Falcone did not mention the plot in setting bail and earlier downplayed its importance.

What he did note though was that Bendet was arrested in Texas earlier this month at a time when a condition of his bail from another case was that he not leave New Jersey. Besides setting \$150,000 bail, Falcone sent the other case back to court in Patterson for a bail review. He also said he felt the state's proofs in the fraud case against Bendet, disbarred in 1997 after pleading guilty to theft by deception in Passaic County, were substantial.

Bendet and his former wife, Imelda Toquero, 47, onetime residents of Franklin Lakes, were arrested in a suburb of Dallas on June 2, a couple of days after their indictment on charges they conspired to commit official misconduct and bribery. Fried argued the couple, who divorced late last year, tried to cover their tracks, an assertion denied by Fusco and Joseph Afflitto Sr., Toquero's lawyer.

Afflitto requested \$10,000 bail for his client, insisting she would show up for her court appearances and saying she'd previously felt she could move around freely because she was under the faulty impression her was going to cut a deal with prosecutors for her leniency. The Philippine national had her bail set at \$15,000.

Falcone also imposed \$10,000 bail on Edward Boyd, 44, of Avenel. He too was charged with conspiracy to commit official misconduct and bribery in the insurance scheme. His attorney, a public defender, argued for a personal recognizance bond.

According to the indictment, Bendet and Toquero, who had a financial stake in Metro Medical Services, a medical care provider in Irvington, gave \$500 in early 1998 to Phillip Major Jr., another part-owner, to bribe a person they thought was an Irvington police officer to give them accident reports.

The charges also state that Bendet, Toquero and Major then gave those reports to Boyd to recruit patients for Metro Medical and file auto insurance claims. State authorities have said Metro Medical was involved in a number of phony claims.

**State v. Mark Bendet**

## Passaic County- briefs

*Wednesday, June 14, 2000*

### **Former lawyer extradited to answer fraud charges**

A disbarred Paterson attorney who was indicted last month for his role in an alleged insurance scam has been extradited from Texas to New Jersey.

Mark Bendet, 52, is being held in Essex County Jail on \$150,000 bail. He was not supposed to leave New Jersey because he was convicted in 1997 of insurance fraud for falsifying an accident report for his own car.

Bendet; his wife, Imelda Toquero; and an associate, Eddie Boyd, were indicted May 31 on charges of bribery and conspiracy. Officials said they had offered an Irvington Township police officer \$500 for legitimate accident reports, hoping to get more clients to come to Bendet's medical clinic in Essex County. But the officer was an undercover investigator, who built a case against the three.

Bendet, his wife, and Boyd were arraigned Monday in Essex County. Toquero is being held on \$15,000 bail, and Boyd is being held on \$ 10,000 bail.

Officials with the state insurance fraud prosecutor said Bendet and his wife had been living in Texas for some time and had tried to elude law enforcement by falsifying their names for telephone service and lying to probation officers about their whereabouts.

In asking for a high bail, officials also pointed to some information from the early 1990s in which unnamed people told authorities that they had heard Bendet was looking to find a hit man to kill a state insurance fraud investigator. The situation never resulted in formal charge's officials said. If convicted on the bribery offenses, Bendet and the others could face up to 10 years in prison.

### **State v. Mark Bendet**

# *HERALD NEWS*

June 14, 2000

## **Bail Set for Couple**

A disbarred Paterson attorney and his wife who fled to Texas after being indicted on charges of car insurance fraud last month appeared in state Superior Court in Newark for a bail hearing Monday.

Mark Bendet, 52, and his wife, Imelda Toquero, 47, formerly of Franklin Lakes, were arrested in Lewisville, Texas, on June 2 and returned to New Jersey on conspiracy and bribery charges.

Superior Court, Judge Joseph Falcone set bail for Bendet and Toquero at \$150,000 and \$15,000, respectively.

Both were indicted by a state grand jury in May for allegedly bribing an undercover investigator who was posing as an Irvington police officer with \$500 in exchange for police accident reports.

Bendet has a financial interest in a medical care provider in Irvington, Metro Medical Services.

Authorities allege that he and Toquero planned to use the accident reports to recruit patients for the company and file auto insurance claims on their behalf.

## **State v. Mark Bendet**

# Ex-lawyer's PTI expulsion

Saturday, October 21, 2000

By JENNIFER V. HUGHES  
Staff Writer

A disbarred personal injury attorney facing several criminal charges ran out of chances Friday and now may do time in jail for a theft charge he pleaded guilty to almost three years ago.

In January 1997, Mark Bendet said he submitted a bogus insurance claim for his own 1989 car accident and agreed to pay \$16,000 in restitution and surrender his law license. Bendet was placed in a pretrial intervention program -- a deal that would wipe his record clean as long as he followed the rules.

But since then, Bendet has had problems with the rules. In May 1998, Bendet was indicted for allegedly bilking a client out of an \$8,000 auto-accident settlement. Officials said the client tried for years to get his money, but got paid only after the investigation began. That case is still pending, and Bendet has pleaded not guilty.

Then, in January 1999 Bendet was brought back into court after a series of slip-ups almost permitted him to graduate from PTI without paying a cent. The program had no record of the restitution order, and Bendet never mentioned it to his probation officer. He argued then that he intended to pay the money back eventually and state Superior Court Judge Ronald B. Sokalski gave him a second chance, ordering him to pay \$ 1,000 a month.

In June of this year, Bendet was indicted again, this time in an insurance fraud case. Bendet, who was running an Essex County medical clinic, allegedly paid \$500 to an informant posing as a police officer who gave Bendet legitimate accident reports so he could find new clients and direct them to his clinic. At that time, Bendet had moved to Texas -despite a judge's order for him to stay in New Jersey -- and had to be extradited.

Bendet also fell behind on the \$ 1,000-a-month payments he agreed to make, officials said, so PTI moved to kick him out of the program. A hearing was held in July, but Bendet never showed up, said the program's director, Paul Rosa.

Bendet, 52 and living in Morris County, was ejected from PTI later that month and in state Superior Court, Paterson, on Friday, he was asking to be reinstated.

"When is time to say enough is enough?" asked Robert Pringle, Passaic County senior assistant prosecutor, during a court hearing on the case Friday. Apparently, that time came as Judge Sokalski upheld the decision to boot Bendet from PTI.

Now, when Bendet is sentenced in December on the third-degree theft charge he pleaded guilty to back in 1997, he will be exposed to the possibility of time behind bars. Third-degree crimes don't typically carry jail time, but when asked if he'll request it, Pringle said, "Positively."

I mean, is he really a good candidate for probation?" Pringle said after the hearing.

Bendet's attorney, Kalman Harris Geist, argued it was unfair to kick his client out of PTI because he never received a letter notifying him about the July hearing.

The judge pointed out that if Bendet moved, it was his responsibility to let officials know. Geist countered that PTI officials should have notified him instead and Rosa said his office did try to contact the lawyer, who never returned their calls. Rosa also said that a letter to Bendet about the hearing was copied to Geist's office.

Geist said his client didn't make all the \$1,000 payments because he lost his job and told his probation officer he was having trouble making ends meet. Rosa said he has no record of that claim. Geist said Bendet did pay the money, but Rosa pointed out that the money was paid two months after Bendet was terminated.



# The Jersey Journal

ApHI15,2000

## Man pleads guilty in health fraud scheme

A Jersey City man pleaded guilty in connection with a scheme to defraud Medicaid of more than \$200,000 in a large drug diversion operation, officials said.

Mark Anthony, 34, pleaded guilty to health care claims fraud and possession of Xanax, a controlled and dangerous substance commonly used as a tranquilizer, officials said.

Anthony, who officials described as a medical practitioner submitted false health care claims totaling more than \$1,000, officials said.

Investigators suggest Anthony, between Sept. 14 and Feb. 18, defrauded Medicaid of more than \$200,000 by obtaining the expensive cancer treatment drug called Neupogen, which was not prescribed to him.

He used forged prescriptions at pharmacies in Linden, Millburn, Edgewater and Irvington, then sold the drugs in New York City, officials said.

The plea agreement calls for a prison sentence of up to five years. Anthony is currently out on bail after posting a bond of \$62,500.

- Stan H. Eason

## State v. Mark Anthony

# THE STAR LEDGER

April 18, 2000

## Ex-coach service chief admits insurance fraud

ROXBURY: The owner of a defunct coach service for the disabled pleaded guilty yesterday to engaging in insurance fraud over a three-year period.

Lakshminarine Rampersad, 46, of Landing, admitted he obtained approximately \$74,000 in Medicaid payments by inflating mileage charges when transporting patients for medical services from 1993 to 1996.

Rampersad's company First Invalid Coach Service Inc, was reported to the state for suspected Medicaid abuse in 1998 and an investigation that led to criminal charges was undertaken last year by Insurance Fraud Prosecutor Edward Neafsey.

Neafsey said the investigation was delayed as authorities sought to question former employee's about the firm's practices, investigators learned drivers were instructed by the defendant to leave blank spaces on forms indicating the amount of milage required for certain patient transports, he said.

Under a plea bargain,Rampersad faces a 180-day county jail term and probation that will be set by Superior Court Judge Peter Conforti during sentencing June 30.

**State v. Lakshminarine Rampersad**  
**(First Invalid Coach Services)**

# THE STAR LEDGER

August 5, 2000

## Now he can calculate the mileage to jail

ROXBURY: The owner of a now defunct transportation service for the disabled who was convicted of insurance fraud was sentenced yesterday to 180 days in jail and three years probation, the state Attorney General's Office said.

Lakshminarine Rampersad, 46, of Landing, who owned-First Invalid Coach Service Inc., pleaded guilty in April to defrauding Medicaid of about \$74,000 by inflating mileage charges when transporting patients for medical services from 1993 to 1996.

Rampersad admitted directing his drivers not to fill in the mileage on a form that goes to Medicaid, and then filling in exaggerated numbers himself. Authorities said he also altered forms that had been filled out.

# THE DAILY RECORD

August 5, 2000

## Man guilty of Medicaid fraud

Ex-owner of Landing service for invalids inflated mileage costs

by: Peggy Wright

Daily Record

The former owner of a Landing-based transportation service for invalids who admitted defrauding Medicaid out of \$74,000 by inflating mileage charges was sentenced Friday to 180 days in jail and three years' probation.

Lakshminarine Rapersad, also known as Vernon Rampersad, must pay \$2,500 in criminal fines. He also reached an agreement with the state to forfeit \$172,400 in reimbursement claims he had pending with Medicaid.

A 46-year-old native of Trinidad, the Landing resident will surrender next week to start serving his six month term in the Morris County Jail. He agreed to forfeit his passport before then, said Deputy Attorney General John Krayniak, chief of the state department of Law and Public Safety's Medicaid Fraud section.

Rampersad's now-defunct business, First Invalid Coach Service Inc., aroused the suspicions of the state through audits that revealed he was inflating the round trip mileage on claims he submitted for transportation services provided to Medicaid recipients. Krayniak said that in many cases, the mileage Rampersad report for a trip was different from mileage claimed for an identical trip.

Rampersad pleaded guilty on April 17 to committing Medicaid fraud between 1993 and 1996. As part of the fraud, he whited out correct mileages reported by his drivers and filled in higher amounts. Medicaid reimbursed him \$2 per mile, Krayniak said.

Rampersad also is disqualified for a minimum of eight years from servicing as a Medicaid provider or for any other federal or state funded program. First Invalid Coach Service, a small fleet of handicapped-accessible vans, transported people, for example, from nursing homes to hospitals for medical treatment, Krayniak said.

# The Record -- Mom, 2 children admit guilt in insurance scam

April 18, 2000

by: Dan Kraut

staff writer

Three Newark residents pleaded guilty Monday to insurance fraud charges, admitting they were bogus patients in a suspected medical mill allegedly run by a Paterson lawyer and an East orange policeman.

Mirta Camacho and two of her children admitted in Superior Court in Newark that they submitted \$25,000 in medical bills related to fake injuries from a car "accident" that never happened. They also admitted going to Metro Medical Services in Irvington—where, they said, they were often directed to sign their names as if they received medial attention when they were not even treated, said Andre C. Fried, a state department attorney general.

Last September, former East Orange Police Officer Phil Major pleaded guilty to conspiracy charges, admitting that he wrote up accident reports for 16 crashes that never happened as part of a \$900,000 insurance scam. Major said he had a financial interest in Metro Medical with Paterson lawyer Mark Bendet. He also said Camacho and others were directed to that office after fake crashes between 1996 and 1998.

Prosecutors say Bendet and several other professionals are under investigation over medical billing for that period. In 1997, in an unrelated case, Bendet was disbarred after pleading guilty to criminal charges that he submitted a false claim for an accident in which he was involved.

Mirta Camacho, 38, and her children Marilyn, 22, and Orlando, 23, all of Newark, are the first of about 60 "passengers" listed on Major's reports to be convicted. They face up to five years in prison for attempted theft by deception. Major faces up to 10 years, but all are cooperating with the state and will probably receive more lenient penalties.

Neither Bendet nor his lawyer could be reached Monday. But his attorney previously questioned the validity of Major's claims, noting that the disgraced former policeman has already admitted his role in a scam.

State Insurance Fraus Prosecutor Edward M. Neafsey would not comment in detail on Bendet or other professionals under suspicion but said: "We're just trying to be methodical and move the investigation forward in a way that gets to the highest levels of criminality."

## 3 from Newark plead guilty in insurance fraud case

By Guy Sterling  
STAR-LEDGER Staff

When a former East Orange policeman pleaded guilty to being at the center of a massive insurance fraud last fall, state authorities crowed that he was only the first of what could be as many as 60 others involved in the scheme.

Then, the case went quiet. Yesterday, three defendants came forward in Superior Court in Newark to be charged, waive their right to a grand jury review and admit their guilt.

Mirta Camacho, 38, and two of her children, Orlando Camacho, 23, and Marilyn Camacho, 22, pleaded guilty to attempted theft by deception before Judge Joseph A. Falcone.

The judge scheduled their sentencings for October and released them on their own recognizance.

The state had accused the three Newark residents of submitting medical bills totaling close to \$25,000 for injuries suffered in an alleged May 1996 car accident investigators determined never occurred. Deputy Attorney General Andrew Fried said the payments were never made.

He called the mishap a "paper accident" and said the phony police reports supporting the claims were written by Phillip Major, Jr. a patrolman in East Orange from 1990 to 1997 who admitted to Falcone in September that he created false or fictitious accident reports as part of the fraud.

Fried said the Camachos were initially treated by Paul Zablow, an East Orange chiropractor implicated by Major, and later by Metro Medical Services, a firm in which prosecutors have said Major held a financial interest.

Marilyn and Orlando Camacho told Falcone they received no treatment at Metro Medical Services on at least 10 visits, doing no more than signing in and leaving. Mirta Camacho made the same allegation but could not provide a specific number of incidents.

Their claims were submitted to the Robert Plan and Material Damage adjustment insurance company in an effort to collect \$24,706 in Personal Injury Protection payments, authorities said. Orlando Camacho was seeking \$11,119; Marilyn Camacho, \$3,888 and Mirta Camacho, \$9,707.

Fried said the Camachos agreed to cooperate in the investigation not long after they were approached by the state with questions about their claims.

As part of the plea bargains, the state will not oppose applications by Marilyn and Orlando Camacho to enter pretrial intervention, he added, while Mirta Camacho faces a maximum penalty of five years in prison.

The prosecutor anticipated there will be at least several dozen more guilty pleas entered over the next few months from those who have agreed to cooperate in the investigation.

In addition to acknowledging he wrote bogus police reports, Major also said he acted as a "runner" for chiropractors, distributing their business cards at accident scenes and contacting accident victims whose names he obtained from East Orange police records.

The case against Major marked the first time a police officer has been prosecuted in connection with a phony auto accident scheme by the Office of the Insurance Fraud Prosecutor, a branch of the Attorney General's Office set up as part of a state effort to reform insurance coverage and crack down on abuses.

# BURLINGTON COUNTY TIMES

April 26, 2000

## LOCAL NEWS

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### Mechanic indicted on fraud charge

**By Danielle Delfin**  
**BCT staff writer**

MEDFORD - A state grand jury has indicted a local auto mechanic on charges he rolled back an odometer in exchange for a \$150 fee.

Patrick Hughes, 37, of Medford, was charged with one count of third-degree conspiracy for shaving off 100,000 miles on a state-owned vehicle and taking money for his role in the operation, said state Attorney General John J. Farmer Jr.

State Insurance Fraud Prosecutor Edward M. Neafsey said his office began investigating Hughes after receiving tips that he was turning back miles on vehicles. On Aug. 4, 1999, an undercover state investigator brought a state-owned Honda Accord LX four-door sedan to Hughes and asked him to lower the mileage, officials said.

The investigator told Hughes she wanted the mile-s rolled back so she could get a higher resale value, officials said. When the vehicle was brought to Hughes it had 175,005 miles. Hughes rolled back the "I," leaving the odometer at 75,010 miles, according to authorities. The 5-mile difference represents the miles to and from the gas station.

Hughes worked at a Medford gas station that also does auto repairs. Officials did not release the name or precise location of the business because they do not believe the business was involved in the incident. An expert determined the lower miles on the car would increase the value of the car by \$2,615.

If convicted, Hughes faces up to five years in prison and up to \$15,000 in fines. As a first time offender, he is eligible to apply for pretrial intervention and will likely receive probation, according to the Attorney General's office.

Neafsey said odometer fraud occurs when illegal changes are made to the mileage on a used vehicle's title and odometer.

"Odometer fraud is a threat to used-car buyers that can cost thousands of dollars and lead to frustrating breakdowns and repairs," he said.

Wednesday, April 26, 2000

## State v. Patrick Hughes



## Twins charged with Medicaid fraud

Published in the Asbury Park Press 5/02/00

By JULIET GREER  
FREEHOLD BUREAU

Twin brothers formerly from Howell were indicted on charges that they committed Medicaid fraud by submitting false billings for taxiing patients to hospitals and doctor appointments.

A state grand jury indictment handed up Friday says that Alaa and Aki Baker, 33, defrauded Medicaid of \$138,380 when they owned a transportation services provider company, Royal International Trade and Services Inc.

The Bakers submitted false billings to Medicaid between January 1994 and February 1996 in Howell, the indictment charges.

Authorities said they do not know the current address for the twins. Warrants have been issued for their arrest.

"Those who prey on society by stealing taxpayers' money and by criminally inflating costs will be sought out and prosecuted," said state Attorney General John J. Farmer Jr.

The twins were charged with conspiracy, theft by deception, misconduct by a corporate official and Medicaid fraud.

Of the 1,902 fraudulent claims submitted, 1,633 contained inflated mileage and 269 were claims for services not rendered, the state alleges.

Juliet Greer: (732) 922-6000, Ext. 7754

Published on May 2, 2000

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**State v. Alaa Baker and Aki Baker**  
(Royal International Trade and Services, Inc.)

THE PRESS OF ATLANTIC CITY  
DON'T BECOME VICTIM OF *STAGED CAR ACCIDENT*

Sunday, May 14, 2000

**Section:** BUSINESS

Page: F2

**Column:** CONSUMER ACTION

Defensive driving takes on a new meaning when you realize that some drivers are deliberately causing *accidents* in order to collect damages.

One of the ways perpetrators deliberately cause *accidents* (that are later blamed on the innocent party) is to signal other drivers to exit a parking space or enter an intersection, then proceed to hit them. To a police officer later, it appears that the innocent driver either pulled out into traffic without looking or ran a stop sign.

"If you're a careful, cautious driver you may avoid being victimized," said Stephen Moore, state deputy attorney general and prosecutor liaison. Moore was Cape May County prosecutor from 1992 to 1999 and was involved in developing an anti-fraud package now going to all local police departments and county prosecutor offices from the state Office of Insurance Fraud Prosecutor.

The package encourages officers to be alert to signs of fraud when making motor vehicle stops or responding to *accident* scenes, and gives them detailed information about what to look for at the scene.

Moore said another common *staged accident* occurs when the perpetrator deliberately cuts in front of another driver on the highway, then immediately slams on the brakes.

Other Drivers can protect themselves by being aware this criminal behavior exists, Moore said.

"Be aware that this is something that can happen. If you suspect that someone has deliberately caused an *accident* you're involved in, bring it to the attention of the police officer. The key is getting it documented early on," Moore said.

He said if you alert an officer, he/she can undertake additional investigation at the scene.

He said there is a toll-free hot line where people can report suspected insurance fraud of any kind. That number is (877) 55-FRAUD.

Here are some of the tips from the training package on "what to look for at a *staged* motor vehicle *accident* scene." While the tips are aimed at educating police, we can all learn a lot from them.

- **TIME OF DAY.** Usually *staged accidents* take place in the early morning or late evening hours in order to have as few witnesses as possible at the scene.

- **WITNESS BEHAVIOR.** An overzealous witness may be an indicator of a *staged accident*.

- **DAMAGE.** In *staged accidents* there is usually minimal damage and all the resulting injuries are classified as "soft tissue."

- **NUMBER OF PEOPLE INVOLVED.** **Staged accidents** often involve only the two drivers, but when reported to insurance companies the perpetrator claims to have had four or five passengers. Additional passengers are added later to the police report by drivers after receiving a copy. The altered report is then submitted to the insurance carrier.

# THE STAR LEDGER

June 1, 2000

## LAW & ORDER

Woman indicted  
in insurance fraud  
PLAINFIELD:

A grand jury in Trenton yesterday indicted a city woman on charges she stole more than \$8,000 from an insurance company by reporting her car stolen when she actually gave the vehicle to an accomplice.

Doris Anderson, 31, was charged with conspiracy, theft, falsifying records and tampering with public records or information, said state Attorney General John J. Farmer Jr.

The indictment alleged that Anderson, a nurse's aide for a Bound Brook health care firm, gave the keys to her 1996 Kia Sephia to an unidentified person on March 19, 1999, and then reported the vehicle stolen, said state Insurance Fraud Prosecutor Edward M. Neafsey.

The following month, State Farm Indemnity Co. issued her a check for \$8,429, representing the value of the car and some personal items that allegedly were in the vehicle, Neafsey said.

On May 18, 1999, the Newark Auto Crimes Unit recovered the vehicle and determined that neither its ignition nor its locks had been tampered with, Neafsey said.

Anderson was not arrested but will be given a summons to appear in Superior Court in Union County on the charges, which carry a penalty of up to five years in prison, he said.

**State v. Doris Anderson**

# THE TIMES

June 17, 2000

## \$8G fraud alleged

### TRENTON - A North

Brunswick woman was indicted yesterday for allegedly defrauding her Princeton employer out of more than \$8,000, the attorney general's office said.

Charlene Vaughan, 40, of North Brunswick is a former insurance adjuster with GRE Insurance Group in Princeton, where she allegedly wrote and cashed checks for consulting services that were never performed, said Attorney General John J. Farmer Jr. and Insurance Fraud Prosecutor Edward M. Neafsey.

Vaughan was named in a four-count state grand jury indictment that was handed up to Superior Court Judge Linda Feinberg in Mercer County. She was charged with one count of third-degree theft by deception and three counts of fourth-degree forgery, Farmer said. Her case will be heard in the county, he said.

If convicted, Vaughan could spend five years in prison and be fined up to \$7,500, Farmer said.

According to Neafsey, the indictment alleges that between July 1996 and April 1998 Vaughan requested checks for a consultant who was supposedly reviewing workers' compensation files. But in 42 instances the consultant allegedly had not done any work.

### State v. Charlene Vaughan

# The Trentonian

June 20, 2000

## Man pleads guilty to raiding client's trust fund

### Trentonian Staff Report

A former Mercer County insurance agent has pleaded guilty to stealing \$141,000 from a client's trust fund and using it for personal expenses, state officials announced Tuesday.

Steven M. Usarzewicz, 35, of Hamilton, pleaded guilty to a single count of misapplication of entrusted property, according to Attorney General John J. Farmer and Insurance Fraud Prosecutor Edward M. Neafsey.

Neafsey said that Usarzewicz admitted in Superior Court that he unlawfully took a total of \$141,375 belonging to a client between Nov. 26, 1990 and Nov. 11, 1994 and used the money for his own purposes.

Usarzewicz at the time of the crime was an insurance affiliated with the Guardian Life Insurance Company of America. He was also a securities dealer with the

Guardian Investor Services Corporation. He no longer is licensed in New Jersey.

He had been a trustee of a trust fund set up to benefit the client's children.

Usarzewicz entered his guilty plea before Superior Court Judge Andrew J. Smithson Tuesday morning, just as his trial was slated to begin. He originally had been indicted by a state grand jury in February 1999 of the misapplication of entrusted property charge, as well as an additional charge of theft by failure to make required disposition.

Under a plea agreement negotiated by the Insurance Fraud Prosecutor's Office, Usarzewicz faces a prison sentence of between three to five years. The amount for restitution will be left up to the discretion of the court.

Usarzewicz is scheduled for sentencing on Aug. 25.

## State v. Steven Usarzewicz

# THE TIMES

June 20, 2000

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## NEWS BRIEFS

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### Insurer admits to theft

TRENTON - A former Mercer County insurance agent yesterday pleaded guilty to stealing \$141,000 from a client's trust fund, Attorney General John J. Farmer Jr. and Insurance Fraud Prosecutor Edward M. Neafsey announced.

Steven M. Usarzewicz, 35, of Hamilton yesterday pleaded guilty to a single count of misapplication of entrusted property before Superior Court Judge Andrew J. Smithson.

Usarzewicz admitted he unlawfully took \$141,375 belonging to a client between Nov. 26, 1990 and Nov. 11, 1994, and used the money for his own purposes, authorities said.

Usarzewicz was an insurance agent affiliated with the Guardian Life Insurance Co. of America and a securities dealer with the Guardian Investor Services Corp. when the crime occurred, authorities said.

Usarzewicz, who is no longer licensed in New Jersey, was indicted by a grand jury in February 1999 and was scheduled to go on trial yesterday when he pleaded guilty, officials said.

Usarzewicz will be sentenced on Aug. 25.

### **State v. Steven Usarzewicz**

## **Insurance thief gets three years**

11/04/00

TRENTON -- A former insurance agent was sentenced yesterday to three years in prison for taking \$141,375 from a clients trust fund, according to Attorney General John J. Farmer.

Stephen M. Usarzewicz, 35, of Gary Drive, Hamilton, pleaded guilty to theft charges in June.

Usarzewicz, a state licensed insurance agent affiliated with Guardian Life Insurance Co. of America, was also a securities dealer for Guardian Investors Services Corp.

Usarzewicz confessed to stealing from the trust fund, set up for his clients children, between Nov. 6, 1990 and Nov. 11, 1994 and using it for his personal expenses, according to Acting Insurance Fraud Prosecutor John J. Smith.

Superior Court Judge Andrew J. Smithson also ordered Usarzewicz to pay \$106,000 in restitution to his former employers.

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### **State v. Stephen M. Usarzewicz**

# THE BERGEN RECORD

JUNE 20, 2000

## **Rochelle Park man admits possessing 5 stolen cars**

A 48-year-old Rochelle Park man pleaded guilty Monday to possessing five stolen cars that were used as part of an insurance fraud scheme, officials said.

Fabian Hernandez, who also uses the name Robert Sahagian, pleaded guilty before Judge William C. Meehan in Superior Court in Hackensack to one count of receiving stolen property, said state Insurance Fraud Prosecutor Edward M. Neafsey.

Hernandez, who formerly operated an auto body repair shop in North Bergen, took in five stolen cars valued at \$82,000 between June 1995 and November 1997 and altered their vehicle identification numbers, Neafsey said.

He then participated in an auto insurance fraud scheme in which bogus damage claims on the cars were submitted to insurance carriers, Neafsey said.

Hernandez also pleaded guilty to one count of aggravated assault for trying to run down a Bergen County sheriff's detective while fleeing an investigation at a body shop in Garfield that he operated, Neafsey said.

Hernandez faces up to five years in prison and \$15,000 in fines when he is sentenced by Meehan on July 7, officials said.

- MITCHEL MADDUX

## **State v. Fabian Hernandez**



# THE BERGEN RECORD

JULY 8, 2000

## Body shop owner gets 4 years for receiving cars used in fraud

By MITCHEL MADDUX  
Staff Writer

HACKENSACK -- A 48-year-old Rochelle Park man was sentenced Friday to four years in state prison for possessing several stolen cars that were used as part of an insurance fraud scheme, officials said.

Fabian Hernandez, who also uses the name Robert Sahagian, was sentenced in Superior Court in Hackensack for accepting five stolen cars at his auto body shop, said acting state Insurance Fraud Prosecutor John J. Smith.

"He took them knowing that they would be involved in fraudulent insurance claims," Smith said.

Hernandez, who has already served two years behind bars while awaiting trial, was sentenced by Judge William C. Meehan. On June 19, Hernandez pleaded guilty to one count of receiving stolen property and one count of aggravated assault.

The former operator of an auto body repair shop in North Bergen, Hernandez took in five stolen cars valued at \$82,000 between June 1995 and November 1997 and then changed their vehicle identification numbers, Smith said. The man then participated in an auto insurance fraud scheme in which bogus damage claims on the cars were submitted to insurance carriers, Smith said.

Hernandez's aggravated assault charge stems from a confrontation at another body shop he operated in Garfield, where he attempted to run down a Bergen County sheriff's detective investigating the operation, officials said.

Smith said he expects that more people will be apprehended in connection with the auto insurance fraud operation, which was primarily centered in Hudson County.

There's information to believe that Hernandez was working with others who were making phony insurance claims," Smith said. "We have an idea who they are, and we're going to continue this investigation."

**State v. Fabian Hernandez**

# Transport service accused of Medicaid fraud

06/22/00

**By MaryAnn Spoto**  
**STAFF WRITER**

M&G Livery and Transportation Inc. was in the business of transporting the infirm, but authorities said yesterday its owners used the Mountainside-based company to bilk the government out of more than \$200,000 in Medicaid funds

The company, which catered primarily to the Russian immigrant communities in Newark and ' Passaic County, went too far in drumming up business, offering cash and free Russian cable TV as kickbacks to customers law enforcement officials said

Company officials even changed the ages of some of its customers - listing them as older than they really were - to fool the government into paying higher rates for its services, authorities alleged.

In a seven-count indictment handed up by a grand jury in Trenton, Gregory Sverdlov, 42, and his wife, Raisa Zeltser, 29, of West Orange, were charged with using a variety of schemes to cheat Medicaid, said state Attorney General John J. Farmer Jr. Medicaid provides medical insurance for low-income residents

The company is no longer in operation. Its license to participate in Medicaid reimbursement was suspended by the state Department of Human Services in November, after the Attorney General's Office executed a search warrant on the business.

Insurance Fraud Prosecutor Edward Neafsey said Sverdlov's business offered its clients monetary and other incentives to continue using its ambulance and van services, oftentimes for inappropriate purposes.

He said Sverdlov gave customers a \$50 kickback for every tenth time they used the company. In some cases, the company paid the \$39 per month subscription fee for Russian cable television or radio in return for each customer's use of his transportation service,

In all, the company paid \$60,000 in subscription fees

**State v. Gregory Sverdlov and Raisa Zeltser**  
**(M&G Livery and Transportation, Inc.)**

between 1995 and 1997, Neafsey said.

"It was a significant amount of money for a kickback and an important service to the Russian community," Neafsey said. "it was an excellent inducement for M&G to drum up business in that community."

The indictment charges Sverdlov and the company with submitting false claims for Medicaid reimbursement by bypassing program regulations. In some cases, it hid the fact that it was transporting people who were not pre-approved by Medicaid to use the service.

In other cases, Neafsey said, Sverdlov changed customers' birth dates to make them appear older. Elderly patients are presumed to be nonambulatory, which allows transportation companies to charge Medicaid more than for an ambulatory customer, Neafsey said.

In other cases, Sverdlov billed Medicaid for ambulance transportation when the company actually was taking, healthy people to pharmacies to get their prescriptions, Neafsey said.

Medicaid has provisions to reimburse for taxi rides, but at a much lower rate than ambulance service, the prosecutor said.

Jack Arseneault, a Chatham attorney representing Sverdlov, said he has not seen the indictment, but that the state may be exaggerating the charges.

"It's a very arcane regulatory scheme involved in the, reimbursement of Medicare and Medicaid," Arseneault said. "if there's a foible here or there ... I'm sure the intent behind it is not criminal."

In all, Sverdlov and Zeltser were charged with billing the program for \$210,000 for unauthorized purposes. from the time the company opened around 1995 to when it closed late last year.

Sverdlov was charged with conspiracy, three counts of Medicaid fraud. theft by deception, and misconduct by a corporate official. If convicted of the most serious offenses, he could face up to 10 years in prison and a \$150,000 fine.

Zeltser, who faces up to five years in prison, was charged with conspiracy and Medicaid fraud.

Arseneault said Sverdlov is "a very, very religious Russian Jew and he's been very, very charitable, especially with Jewish organizations." Arseneault added that it was "ridiculous" that the government charged Sverdlov's wife, whom he said was involved in an "innocent, nominal, spouse situation."

# South Jersey

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## Company accused of fraud

A North Jersey ambulance firm is charged with defrauding state Medicaid programs of \$200,000.

By **George Anastasia**  
**INQUIRER STAFF WRITER**

TRENTON - The owner of a North Jersey ambulance company and his wife were indicted yesterday on allegations that they defrauded state Medicaid programs of more than \$200,000.

The indictment charges that Gregory Sverdlov, 42, and Raisa Zeltser, 29, submitted phony and inflated bills for transportation and related services. The indictment also charges that they paid kickbacks to those who used their company.

Most of the clients were Russian emigres, according to investigators, and the kickbacks included paid subscriptions to a Russian-language cable-television and radio network.

Sverdlov, Zeltser and their company, M&G Transportation of Union County, were named in a seven-count indictment charging them with conspiracy, fraud, theft by deception, and corporate misconduct.

The indictment capped -a two-year investigation by the New Jersey attorney general's Office of Insurance Fraud and is part of a continuing probe of the so-called invalid coach industry in New Jersey.

The office has charged six companies this year, according to Edward M. Neafsey, the state's insurance fraud prosecutor.

The indictment comes eight months after state health~service officials barred Sverdlov and his company from Medicaid-assisted programs because of the suspected fraud.

Authorities said Sverdlov's company provided services primarily to Russian emigres in North Jersey. The indictment

**State v. Gregory Sverdlov and Raisa Zeltser**  
**(M&G Livery and Transportation, Inc.)**

alleges that over three years, beginning in December 1994, Sverdlov, his wife, and their company defrauded Medicaid of more than \$200,000 by filing false claims for services rendered or by inflating the transportation and mileage charges for services.

The indictment also charges that clients who agreed to use M&G for trips to a doctor's office, a hospital, or any other Medicaid-provided treatment and service were given kickbacks. In some cases, authorities say, these were cash payments. But in many instances, according to the indictment, the kickback was in the form of a subscription to the Russian American Broadcast Co. cable network

The subscription cost \$39 a month, Neafsey said, and records indicate M&G paid in excess of \$62,000 directly to the cable company during the alleged conspiracy.

The cable company is: not accused of any wrongdoing. Neafsey said the ambulance company's advertisements also promised trips to Atlantic City and Brighton Beach in New York as inducements.

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# City & Local

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## Ambulance owners indicted in 21OG N.J. Medicaid fraud

**by Chris Brennan**

*Daily News Staff Writer*

A New Jersey man With a history of legal trouble from his private ambulance companies, including CareStat Ambulance Inc. in Philadelphia, was indicted Wednesday for insurance fraud.

Gregory Sverdlov, 42, of West Orange, N.J., and his Wife, Ralsa Zeltser, 29, are accused of stealing \$210,000 from the New Jersey Medicaid program, using cash kick-backs to patients, false claims and bogus ambulance trips, according to Edward Neafsey, the state's insurance fraud prosecutor.

Sverdlov has been identified as the owner of CareStat by a former company employee and a lawsuit stemming from a Kensington mans1death.

Four CareStat employees, including one who claims to be the company owner and former Philadelphia Fire Department emergency dispatcher Julie Rodriguez, were charged March 21 with several crimes resulting from the death of Ralph Beswick, 65.

Rodriguez forwarded a 911 call from Beswick's home to CareStat, where she worked part-time.

The private ambulance crew failed to show up and Beswicks family called 911 again, creating a 16-minute delay in the arrival of a city medic unit to treat his heart attack. He was dead on arrival at Northeastern Hospital.

Beswick's family has sued Care-Stat, the city of Philadelphia, Rodriguez, and Sverdlov.

The phone at CareStat's office in Langhorne, Bucks County, has been disconnected.

Neafsey said his agency, part of the New Jersey Attorney General's Office, has started working with the Philadelphia District Attorney's Office, sharing information about their investigations.

**State v. Gregory Sverdlov and Raisa Zeltser**  
(M&G Livery and Transportation, Inc.)

Sverdlov's latest legal trouble comes from his company, M&G Livery & Transportation, in Mountainside, N.J.

Neafsey said the company focused on the Russian immigrant community in northern New Jersey, offering \$50 kickbacks to patients who took 10 ambulance trips paid for by Medicaid.

The company also paid the \$39 subscriptions for patients for a cable company offering Russian television programs.

"M&G was making bulk payments to the cable company," Neafsey said, adding that records show M&G wrote \$62,000 in checks to the Russian American Broadcasting Co.

Sverdlov is charged with conspiracy, three counts of Medicaid fraud, theft by deception, and two counts of corporate, misconduct. His wife was charged With conspiracy and Medicare fraud.

They face up to 10 years in state prison if convicted.

The company was charged with conspiracy, theft by deception and Medicare fraud.

Sverdlov's attorney did not return a phone call yesterday.

In 1998, Sverdlov and his brother-in-law, Lazar Zeltser, 27, were investigated for fraud for another ambulance company they ran, L&Z Transportation.

Investigators said the Union, N.J., company was falsifying birth dates on ambulance service applications so patients appeared older and eligible for Medicaid.

The grand jury indictment of Sverlov and M&G accuses him of using the same trick.

L&Z was banned from the New Jersey Medicaid Program. Sverdlov and his brother-in-law Were barred from doing business with the U.S. Health Care Financing Administration the agency that runs and pays for Medicare.

Send e-mail to [brennac@phillynews.com](mailto:brennac@phillynews.com)

## **MIDDLESEX COUNTY: Man gets probation for insurance fraud**

**Published in the Home News Tribune 7/08/00**

By LONNIE MACK  
STAFF WRITER

The former owner of an Edison-based physical-therapy business who accepted more than \$100,000 worth of insurance overpayments was sentenced to five years probation and 200 hours of community service by a Superior Court judge in New Brunswick yesterday.

In accordance with a plea agreement negotiated in February with Deputy Attorney General Nicholas R. Vasile, Alexander Ivashenko, 42, of Holmdel was ordered by Judge Travis Francis to make restitution in the amount of \$75,000.

Ivashenko operated as many as seven physical-therapy clinics and accepted more than \$100,000 in overpayments from more than 100 insurance companies between 1988 and 1994, according to acting insurance fraud coordinator John Smith.

Ivashenko's company, H.E.R.E Physical Therapy, had its headquarters in Edison and operated clinics in Edison, New Brunswick, East Brunswick, Matawan, North Arlington and New York City.

In pleading guilty, Ivashenko admitted he collected and illegally retained at least \$75,000 from more than 100 insurance companies, Smith said.

Ivashenko, Smith said, was charged with collecting \$116,000 in insurance overpayments.

Smith said unlike most operations, Ivashenko was on a two-week billing cycle instead of a 30-day cycle which caused insurance companies to make quick payments without checking if the bill had been already paid or if it had been already paid by other insurance carriers.

In some cases, Smith said, Ivashenko, received payments for services provided from more than one insurance company.

**State v. Alexander Ivashenko  
(H.E.R.E. Physical Therapy)**



He said the overpayments Ivashenko failed to return ranged from \$100 to \$2,000.

Before selling the business in 1994, Smith said, Ivashenko altered his records in an attempt to cover up the overpayments.

The state office of insurance fraud initiated its investigation after it received a tip from one of Ivashenko's former employees, Smith said..

It seized company records while the business was in the process of being sold.

from the Home News Tribune

Published: July 8, 2000

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# **Eli's REHAB REPORT**

## **News & Analysis on Finance, Law, Research, & Technology**

Volume VII, Number 14

August 11, 2000

Prosecution

### **CLINIC OWNER GETS JAIL TIME FOR KEEPING OVERPAYMENTS**

Illegally retaining insurance overpayments is no laughing matter for state prosecutors: The practice has earned jail time and probation for a former physical therapy clinic owner in New Jersey.

According to state Attorney General John Farmer, former clinic owner Alexander Ivashenko admitted that he collected and illegally retained at least \$75,090 from more than 100 insurance companies while operating seven PT clinics throughout the state.

Ivashenko owned H.E.R.E. Physical Therapy, based in Edison, NJ. Prosecutors had charged him with collecting as much as \$116,000 in overpayments from insurance companies, health benefit plans and individuals between 1988 and 1994.

Ivashenko has turned over \$75,000 in restitution and was sentenced to 180 days in jail, five years of probation and 200 hours of community service, the AG reports.

**State v. Alexander Ivashenko**  
(H.E.R.E. Physical Therapy)

# News Flash

UP-TO-THE-MINUTE AP NEWS REPORTS

## Middlesex County laboratory accused of Medicaid fraud

**The Associated Press**  
**8/1100 7:16 PM**

TRENTON, N.J. (AP) - A Middlesex County laboratory and its owners were indicted Tuesday for defrauding Medicaid by using phony blood samples for Medicaid-covered tests.

The defendants, Mohammed Saleem, 40, of Manhasset, N.Y.; Iftikhar Hussain, 34, of Staten Island, N.Y.; and Abdul Hafeez Raja, 53, of Massapequa, N.Y., allegedly paid people to give them blood samples, then ran blood tests and billed Medicaid, according to John Smith, acting insurance fraud prosecutor.

The defendants owned and operated the now-defunct Venditti Clinical Laboratory, Inc., of South Plainfield. They were charged with conspiracy, Medicaid fraud and misconduct by corporate officials.

The conspiracy and corporate misconduct charges are second degree crimes and can mean up to seven years in prison.

Smith said that between 1993 and 1996, Venditti billed Medicaid for about \$4.5 million in clinical tests. Investigators are unsure how much of that money was for tests done on phony blood samples.

"If they were willing to pay \$350,000 in kickbacks, you know they were covering their kickbacks and making a profit," Smith said.

There were no telephone listings for Venditti Clinical Laboratory or any of the defendants.

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**STATE V. VENDITTI CLINICAL LAB, Inc.**

### **3 indicted in alleged \$350G kickbacks scheme**

Published in the Home News Tribune 8/02/00

**By LONNIE MACK  
STAFF WRITER**

**The owners of a former South Plainfield laboratory were indicted by a state grand jury yesterday for allegedly paying nearly \$350,000 in kickbacks for blood specimens. .**

**Mohammed Saleem, 40, of Manhasset, N.Y.; Iftikhar Hussain, 34, of Staten Island, N.Y.; and Abdul Hafeez Raja, 52, of Massapequa, N.Y., owners of the Venditti Clinical Laboratory, which was operated on Oak Tree Road in South Plainfield, were indicted on charges of conspiracy, Medicaid fraud and misconduct by a public official, according to state Attorney General John J. Farmer.**

**Company officials, according to acting insurance-fraud prosecutor John J. Smith Jr., paid companies who collected blood from Medicaid recipients, conducted tests when there was no medical reason to do so, and then billed Medicaid for the test.**

**Smith said the scheme was ongoing from December 1993 to August 1995, when the company billed Medicaid for a total of \$4.5 million. The indictment does not specify how much illegal money was received, but Smith said it was a "substantial" amount of the \$4.5 million.**

The conspiracy and corporate-misconduct charges are second-degree offenses and carry a maximum sentence of 10 years each with a probable sentence of seven years, Smith said.

Venditti Clinical Laboratory was suspended as a provider to the Medicaid program, Smith add.

Smith said the indictment represents an additional step in the a continuing enforcement effort against fraud in the independent clinical- laboratory industry.

He pointed to the conviction of a laboratory official and three guilty pleas the Office of Insurance Fraud obtained last year in connection with Medicaid fraud committed by officials affiliated with two Jersey City laboratories.

**STATE V. VENDITTI CLINICAL LAB, INC.**

UP-TO-THE-MINUTE AP NEWS *REPORTS*

## Cinnaminson man pleads guilty to Medicaid fraud

**The Associated Press**

**811100 8:22 PM**

TRENTON, N.J. (AP) - A Cinnaminson man pleaded guilty Tuesday to charges that he defrauded the Medicaid Program by billing it for substance abuse programs he never held.

Tommie Murry, 41, pleaded guilty to conspiracy, theft by deception and corporate misconduct, as well as two -counts of Medicaid fraud.

He was charged with defrauding Medicaid of about \$600,000.

Murry had been employed as the executive director of The Excel Center, a now defunct outpatient drug and alcohol treatment center formerly located in Vineland. It provided services to many Medicaid patients.

Murry and The Excel Center submitted bills to Medicaid for multiple sessions of group alcohol and drug therapy for Medicaid patients. But the groups never took place, said John Smith, acting insurance fraud prosecutor.

Under the terms of the guilty plea, The Excel Center will be fined \$10,000 and will forfeit about \$1.7 million in Medicaid claims, Smith said.

Murry faces up to five years in prison when he is sentenced Oct. 13.

Murry has an unlisted phone number and could not be reached for comment.

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**State v. Tommie Murry**

# THE TIMES

August 2, 2000

## NEWS BRIEFS

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### Man admits to fraud

TRENTON (AP) - A Cinnaminson man pleaded guilty yesterday to charges that he defrauded the Medicaid program; by billing it for substance abuse programs he never held.

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Murry faces up to five years in prison when he is sentenced Oct. 13.

Murry has an unlisted phone number and could not be reached for comment.

State v Tommie Murry

# Burlington County Times

August 7, 2000

## Cinna. man admits Medicaid fraud role

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by Jim Donnelly  
BCT senior staff writer

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A Cinnaminson man has pleaded guilty to state charges that he and the substance-abuse counseling center for which he worked bilked Medicaid out of some \$600,000 through phony billings.

Tommie Murry, 41, pleaded guilty yesterday in Superior Court in Trenton to a Mercer County grand jury indictment for theft, conspiracy, corporate misconduct and Medicaid fraud.

By pleading guilty to theft by deception, he faces up to five years in prison. Sentencing is scheduled for Oct. 13.

Also named as a defendant in the case was The Excel Center, a Vineland-based treatment center that provided drug and alcohol counseling to a large number of Medicaid patients, according to a statement from state Attorney General John J Farmer Jr.

The state had alleged that Murry and Excel submitted bogus bills for purported group sessions of drug and alcohol therapy on numerous dates, when no such sessions ever took place, said Paul Loriquet, a spokesman for the attorney general.

The bills were submitted through Newcomb Medical Center, also in Vineland. Medicaid is funded and managed by both the federal and state governments.

The investigation and prosecutions were handled by the state Office of Insurance Fraud Prosecutor through its Medicaid Fraud Unit.

Under its own guilty plea, The Excel Center will be fined \$10,000 and will waive any claims to \$1.7 million in outstanding Medicaid billings that were seized by the state during the investigation. The center agreed to forfeit that money under an earlier agreement with the state. It has since ceased operations.

The plea also bars both Murry and The Excel Center from being Medicaid service providers in New Jersey.

**State v. Tommie Murry**

## **Agent admits stealing more than \$16G from insurance client**

**Published in the Home News Tribune 8/26/00**

By LONNIE MACK  
STAFF WRITER

A 45-year-old East Brunswick man accused of stealing more than \$16,000 from a client of his former Somerville insurance agency pleaded guilty yesterday in Superior Court, Somerville, to theft by deception and falsifying records.

Richard Leavitt faces up to five years in prison, according to state Attorney General John J. Farmer Jr.

Leavitt was named in a nine-count state grand jury indictment on April 25. He was charged with one count of third-degree theft by deception, one count of third-degree misapplication of entrusted property and seven counts of fourth-degree falsification of records.

In exchange for the guilty pleas, Deputy Attorney General Jeffrey D. Catrambone of the office of insurance fraud agreed to dismiss seven of the charges.

Leavitt, according to acting insurance-fraud prosecutor John J. Smith, told Judge Victor Ashrafi that he was the sole operator of R&A Insurance Company in Somerville between August 1995 and February 1997 when he fraudulently collected \$16,924 in auto-insurance premiums from Atlantic Management Inc.

Leavitt, Smith said, collected the premiums for coverage of seven vehicles which were supposed to be insured by New Hampshire Insurance Co., effective Aug. 10, 1995.

Instead of submitting the premium payments, Smith said, Leavitt kept the money and used it for his own personal expenses.

Leavitt's license to sell insurance, Smith said, was revoked on May 15, 1996, when the state Department of Insurance determined he violated several provisions of the insurance licensing laws.

**State v. Richard Leavitt**



## **SOMERSET COUNTY: Insurance agent fined for keeping premiums**

Published in the Home News Tribune 10/21/00

By TONY SCLAFANI  
GANNETT NEW JERSEY

A former Somerville insurance agent was ordered yesterday to pay more than \$16,000 in restitution and \$5,000 in fines after keeping a client's insurance premiums for himself, authorities said.

Richard Leavitt, 43, of East Brunswick pleaded guilty in August to third-degree theft and fourth-degree falsifying records after admitting he collected \$16,924 in auto-insurance premiums from one of his clients, Atlantic Sports Management, for seven vehicles that were never insured from August, 1995, to February, 1997, according to the state Attorney General's Office.

Leavitt knew the insurance policy had not been renewed by New Hampshire Insurance Co., and therefore, he kept the money and used it for himself, the office said. He also admitted to falsifying an automobile-insurance identification card as part of the scheme.

Leavitt, operated the R&A Insurance Agency in Somerville, but his license was revoked in May 1996.

Superior Court Judge Victor Ashrafi sentenced Leavitt to three years of probation and 50 hours of community service, in addition to paying full restitution and a \$5,000 civil fine.

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from the Home News Tribune  
Published: October 21, 2000

**State v. Richard Leavitt**

NEWS

## Ex-W. Orange officer pleads guilty to misconduct, admits fraud

10/13/00

**By KEVIN C. DILWORTH AND GREG SAITZ**  
**STAFF WRITER**

A former Orange and West Orange policeman pleaded guilty yesterday to official misconduct, admitting he filed a false report of a stolen sport utility vehicle as part of an insurance-fraud scheme.

John Fagan, 37, of West Orange faces up to five years in prison when he is sentenced Jan. 12, according to state Attorney General John Farmer Jr.

Fagan entered the plea to a charge of second-degree official misconduct before Superior Court Judge Peter Conforti, sitting in Morris County.

"On June 24, 1999, Fagan, while serving as a police officer for West Orange, wrote a report stating a 1997 Land Rover Discovery had been stolen," Farmer said. "Fagan admitted he was aware the Land Rover had not been stolen and had been voluntarily 'given up' by the lessor of the vehicle, so that a false automobile insurance theft claim could be filed."

The lessor, identified only as an Essex County resident, was not charged with a crime. But, Farmer said, the lessor allegedly submitted a false automobile insurance claim to the Hanover Insurance Co. for about \$26,000, as well as a second "contents" claim to the Chubb Insurance Co. for \$4,051, to cover the loss of personal items he claimed were in the Land Rover when it was supposedly stolen.

The investigation "is continuing, and additional criminal charges are anticipated," said Katherine Lyons, a spokesman for the state Department of Law and Public Safety in Trenton.

Fagan also admitting writing a second, earlier false police report on June 15, 1998, for the theft of his own vehicle, a Jeep Cherokee, for which he submitted a false \$9,056

### **State v. John Fagan**

claim to the New Jersey Manufacturers Insurance Co., Farmer said.

Fagan said he was going through a difficult financial period and needed a vehicle more compatible with a tile installation business.

"I was afraid I couldn't pay the mortgage," he said.

Fagan agreed to pay an \$8,000 civil judgment and \$9,056 restitution to his own insurance company for the false report on his personal car.

Fagan "resigned in good standing on Sept. 14, 1999" from the West Orange Police Department, Police Chief James Abbott said. That resignation came before Fagan's arrest noted Jennifer Moran, Fagan's attorney.

Before joining the West Orange department Fagan also worked for the Orange Police Department from Jan. 13, 1993, until Nov. 1, 1994.

Fagan is free pending sentencing.

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# The Star Ledger

October 17, 2000

## Woman indicted in insurance scheme

*Suspect is Accused of seeking \$1.2 million for the deaths of her husband and brother*

by Ana M Alaya

Star-Ledger Staff

A Bergen county woman was indicted yesterday for allegedly attempting to claim more than \$1.2 million in unearned life insurance, an unusually high amount, according to state officials.

Lucille Dennis, 57, of Hackensack was accused in a 14 count state indictment of falsely claiming her husband and brother died accidental deaths, among other claims, according to Acting Insurance Fraud Prosecutor John J Smith.

“She took the names of people she knew and attempted to get accidental death and life insurance policies on them and then make claims,” Smith said. “She attempted to get a lot of money and it is a shockingly large sum of money, but on the other hand, she did not actually obtain any money.”

According to Smith, the case originated out of referrals from five different insurance carriers, all reporting that Dennis attempted to collect insurance proceeds by providing false information to the insurance carriers following the death of her husband, Moses Dennis, who died of cancer and brother, Robert Dennis, who died of natural causes.

The indictment alleges that between Oct. 26, 1995 and May 19, 1997, Dennis attempted to claim about \$45,430 in life insurance money from Guarantee Reserve Life Insurance Co. and from Gerber Life Insurance Co. by variously claiming that Robert Andrews and Robert Dennis, whom she portrayed as relatives, had died in a manner that entitled her to insurance.

The indictment also alleges that between Jan. 18, 1997 and Jan 14, 1999 Dennis attempted to obtain about \$1.2 million from Mutual of Omaha, CUNA Mutual Insurance Group and J.C.Penney Life Insurance Co. by falsely claiming that Moses Dennis had died in a manner that entitled her to proceeds to which she was not entitled.

Efforts to reach Dennis yesterday were unsuccessful.

Smith said Dennis tried a number of different fraud schemes including falsely claiming her husband died in an automobile accident; claiming he was in good health on an accidental death policy after he was diagnosed with cancer; and claiming that a Robert Dennis, who is actually her brother, was her husband who died in an accident several years after her brother had died.

Dennis’ brother, Robert Andrews, died on Sept. 9, 1995 of natural causes, and her husband, Moses Dennis, died of cancer on June 5, 1997, Smith said.

“This may be one of the largest false life insurance/accidental death insurance claim cases we have seen,” Smith said. “But she didn’t get any of the money in this case. All the companies that she made claims to began the claims process and could not verify that these people existed and died in these accidents as she had claimed.”

Dennis is charged with two counts of second-degree attempted theft, four counts of third degree attempted theft six counts of fourth-degree falsifying records and two counts of fourth-degree forgery. If convicted, she faces up to 10 years in prison and fines in excess of \$100,000. However, because she actually received no money from the insurance companies, a lesser sentence is more likely, according to Smith.

An arraignment has not yet been scheduled.

**State v. Lucille Dennis**

## **3 more admit guilt in \$900,000 scam led by cop**

*Thursday, October 26, 2000*

Three more people pleaded guilty Wednesday to participating in what prosecutors believe was a \$900,000 insurance scam orchestrated by an East Orange policeman.

Bartolo Mayol and his wife, Yvette Soto, of Newark pleaded guilty Wednesday in Superior Court in Newark to theft by deception. Each faces a maximum of five years in prison and \$20,000 in fines and penalties.

Prosecutors said Mayol and Soto collected \$23,416 between them after submitting claims to State Farm Insurance Co. for a fictitious car accident in 1995.

Also pleading guilty to the same charges Wednesday was Matisha Kelly of Rahway, who was charged with cheating Allstate Insurance Co. out of \$1,439 in connection with the same bogus crash.

Sentencing has not been scheduled.

Former East Orange Officer Phil Major admitted when he pleaded guilty last year that he fabricated that accident report and 15 others to generate bogus insurance claims.

Major is cooperating with authorities in a wide-ranging investigation that has led to the indictment of Mark Bendet, a former Paterson lawyer, and is focusing on medical doctors as well.

Several others also have pleaded guilty to making bogus claims.

-- *DAN KRAUT*

State v. Bartolo Mayol and Yvette Soto  
(Phillip Major)

# THE STAR LEDGER

November 1, 2000

## Two more plead guilty in scam involving chiropractor and phony accident claims

11/01/00

Two Newark men, including a Board of Education employee, yesterday joined a growing list of people pleading guilty to charges in a case in which a dozen insurance companies were bilked out of hundreds of thousands of dollars in phony auto accident claims.

Alex Cruz, 29, and Jesus Acosta, 26, pleaded guilty to theft or attempted theft by deception before Superior Court Judge Joseph A. Falcone in Newark. As part of his plea, Cruz will lose his job with the school system. Each man also agreed to pay civil fines and make restitution for the money that was paid out on their behalf in bogus injury claims.

Cruz will pay a \$2,500 fine and \$3,333 in restitution; Acosta, a \$1,500 fine and \$6,359 in restitution. They also face additional fines and prison time or probation when sentenced.

Acosta and Cruz were the 12th and 13th persons to enter pleas in the case so far, said Deputy Attorney General Andrew Fried, the prosecutor handling the proceedings. Five more are scheduled for Monday, and there may be as many as two dozen additional pleas, authorities said. More than 40 persons have agreed to cooperate in the probe.

At the heart of the case is former East Orange policeman Phillip Major Jr. who last year admitted creating false or fictitious accident reports and steering patients to chiropractors in exchange for kickbacks. In his plea, Major implicated two chiropractors in the scheme, neither of whom has been charged.

According to investigators, neither Acosta nor Cruz got anything out of the claims from phony accidents submitted for their alleged injuries. But others did get personal injury settlements, said Fried. Authorities said Cruz also recruited four others, including three of his cousins, to get involved in the fraud. The cousins pleaded guilty in late September.

**State v. Acosta and Cruz**  
(Phil Major)

# ASBURY PARK PRESS

November 10, 2000

## **Agent admits bilking fire district**

**Published in the Asbury Park Press 11/10/00**

By BRIAN DONAHUE  
STAFF WRITER

AN INSURANCE agent has pleaded guilty to stealing more than \$65,232 in insurance premiums from fire district No. 2 in Marlboro.

Joseph Greenfield, 63, Marlboro, who operated the Greenfield Insurance Agency in Lacey, admitted to the theft Wednesday in Superior Court, Toms' River.

Greenfield told Superior Court Judge Edward J. Turnbach that he misrepresented the amount of money that the Board of Fire Commissioners, District No. 2, in Marlboro should pay for a variety of insurance policies and that he overcharged the board for those policies, according to a statement issued by the state Attorney General's office. The money was taken over a nine-year period ending in 1999, authorities said.

Greenfield, who regularly attended the fire commissioners' meetings, overbilled the board by submitting vouchers on his own stationery rather than providing an itemized billing statement from the insurance provider, according to Joseph. Youssef, attorney for the board in the fire district served by the Robertsville Fire Company, Route 520.

"The board knew him for a number of years, and he was personally friendly with a number of commissioners. Everyone assumed the man was honest," Youssef said.

The premiums were for commercial auto and multi-peril insurance, accident/sickness coverage and workers compensation, along with a "floater" for equipment damaged or lost, according to the Attorney General's Office.

In 1999, Greenfield did not respond to a commissioner's request for a copy of an insurance policy, Youssef said, and when the board obtained the documents from the insurance supplier, Volunteer Fireman's Insurance Services, the board discovered "a substantial difference" between the actual cost of the policies and the amount being charged. The board notified the Monmouth County

**State v. Joseph Greenfield**

Prosecutors Office, which referred the case to the state.

Youssouf said Greenfield stole more than \$79,000 from the board, but “voluntarily” returned \$14,000 when the matter was being investigated.

Greenfield’s attorney, Robert Rosenberg, of Toms River, said his client's personal problems over the years prohibited him from acting properly.

"The man was under a tremendous amount of personal stress during much of the period due to his health problems and the deaths of family members," Rosenberg said.

Scheduled for sentencing on Jan. 5, Greenfield, a first time offender, is likely to receive probation and a court order to make full restitution, according to Paul Loriquet, spokesman for the attorney general. The case is also being forwarded to the state Department of Banking and Insurance, which may take action regarding Greenfield’s insurance license.

Youssouf said he expects the full amount that was stolen to be returned to the fire district’s budget, which is supported by taxpayers.

Published on November 10, 2000

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# Fort Lee man is accused of overbilling Medicaid

*Thursday, November 30, 2000*

A Fort Lee man was indicted Wednesday for allegedly overbilling Medicaid more than \$140,000 by inflating the bills from a transportation company.

Rafik Raziq, 40, of Main Street allegedly committed the theft as manager and owner of Absolute Transport and Limousine service Inc., of Howell.

According to the indictment, Raziq billed for patient transportation services that he did not provide and inflated mileage records from 1994-1996. The company is no longer in business, according to the state.

A spokesman for the state insurance fraud prosecutor said investigators were tipped by an informant and uncovered evidence of fraud through a review of records.

Raziq was charged with theft by deception, misconduct by a corporate official, and Medicaid fraud.

He faces a maximum of 10 years in prison if convicted.

Raziq could not be reached for comment.

- *DAN KRAUT*

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**State v. Rafik Raziq**

11/30/2000 9:46 A

# THE STAR LEDGER

December 2, 2000

## 'Ambulance chaser' admits bribery

By GUY STERLING  
STAR-LEDGER STAFF

A West Orange man described by authorities as a "runner" who supplied health-care providers and lawyers with accident records pleaded guilty yesterday to bribing an undercover Newark policeman for city accident reports.

James Lee Campbell, 57, admitted to Superior Court Judge Edith Payne in Newark, that he passed three payments totaling \$1,200 to the undercover officer in September 1998.

The undercover agent was placed in the Newark Police Department's record room after authorities came to believe money was passing hands to allow unauthorized parties to gain access to the accident data, said Deputy Attorney General Andrew Fried.

Two others were also arrested around the same time on similar charges.

Indicted last year, Campbell pleaded guilty yesterday to conspiracy, one count of bribery and a disorderly person's charge accusing him of hindering apprehension. As part of his deal, he will be sentenced to probation that includes imprisonment of 180 days in the Essex County Jail, said Fried. Sentencing was set for early June.

After he was arrested, Campbell agreed to cooperate and has been helpful over the last year in several investigations that are still to produce indictments, Fried said.

According to the prosecutor, Campbell worked as a runner for 25 to 30 years, soliciting business from accident victims on behalf of certain medical doctors and chiropractors as well as lawyers. The practice has been outlawed.

Gary Thompson, Campbell's lawyer, was unavailable for comment.

**State v. James Lee Campbell**

# *The Inquirer*

December 2, 2000

## **Pennsauken man pleads guilty to fraud**

**By Brendan January**

INQUIRER SUBURBAN STAFF

In the two months after an automobile accident in Cherry Hill in July 1998, a Pennsauken man made about 17 visits to medical and chiropractic facilities and ran up bills totaling more than \$2,500.

But when the insurance company checked, it discovered that he had altered a police report, falsely adding his name to make a claim.

Anthony Schultz, 31, of Pennsauken, pleaded guilty to a single count of health-care claims fraud in the third degree on Sept. 21. He was sentenced yesterday to five years' probation, contingent on his serving 364 days in jail and paying a fine of \$2,500, state Attorney General John J. Farmer Jr. said.

Schultz is already in Camden County Jail in connection with a case involving stolen property and for failure to appear in court.

In the health-care fraud case, the accident in question occurred in the parking lot of the Ellisburg Circle Shopping Center in Cherry Hill. The police report showed that a woman was driving the car but did not list Schultz as a passenger.

When Chicago-based CNA Insurance Co. received the bill, the company checked the original police reports and discovered Schultz's fraud. An investigation was then conducted by the Insurance Fraud Prosecutor, a division of the N.J. Department of Law and Public Safety.

Whether Schultz actually did receive medical treatment is still under investigation, said Paul Lorient, press information officer for the Office of the Attorney General.

## **State v. Anthony Schultz**

# THE BERGEN RECORD

DECEMBER 7, 2000

## Clifton company, owners

## indicted in fraud

*Thursday, December 7, 2000*

By DAN KRAUT

*Staff Writer*

A Clifton transportation company and its owners were indicted Wednesday on charges that they overbilled Medicaid by more than \$90,000 from 1995 to 1999 for transporting patients to medical appointments.

I&I Invalid Coach, which did business as Ready Care Corp. on Central Avenue, allegedly inflated mileage claims and paid kickbacks to passengers to remain as customers, according to the indictment, handed up by a state grand jury in Trenton.

The company's owners, Imad Mahgoub Elbashir, 39, and Imadelin A. Khair, 40, likely will face trial in state Superior

Court in their hometown of Paterson, but a date has not been assigned, officials said.

The company has not been operating since 1999, when authorities seized its five vans in connection with a civil case, said John J. Smith, the state's acting insurance fraud prosecutor. He said the investigation began in response to a tip but would not elaborate.

Elbashir's lawyer, Matthew T. Priore, said he believes the case was based on allegations by a disgruntled former employee. Priore faulted the state for over-aggressive prosecution in what he labeled a "billing dispute."

"There was no attempt to resolve the dispute with the

company prior to the state Attorney General's Office shutting it down," said Priore. "The real victims in this case were the

employees who lost their jobs without notice."

Khair's lawyer, Robert J. Galluccio, said his client maintains he ran a "legitimate and lawful" business and that any billing problems may have resulted from errors entering data into a computer.

Smith said the state built its case after conducting a surveillance operation, interviewing passengers, and conducting an extensive review of documents seized from the company.

He said the investigation found the company padded claims by up to 20 miles per trip. The company also billed Medicaid for multiple trips in cases when it was actually transporting several patients at once in a single vehicle, Smith said.

Over several years, the alleged fraud pierced the \$75,000 threshold that led to second-degree charges of theft by deception, which carry a maximum penalty of 10 years in prison and \$150,000 in fines.

In Medicaid cases, "no one makes one big score," Smith said. "They always jack up the claims a few bucks, so when we do a case we have to go-through all their records and find \$20 at a clip."

Wednesday's indictment was the second in as many weeks

involving allegations of fraud in transportation billing. Last week, Rafik Raziq of Fort Lee was indicted on charges he inflated bills by \$140,000 from Absolute Transport and Limousine Service of Howell.

**State v. I&I Invalid Coach**  
**Imad Mahgoub Elgashir & Imadeline A. Khair**

# HEALTH CARE FRAUD REPORT

January 10, 2001

## New Jersey

### **Owner of Invalid Coach Transportation Co. Convicted of Medicaid Fraud in NJ. Trial**

PHILADELPHIA-A state jury in New Jersey Dec. 14 convicted the owner of a Middlesex County .invalid coach company of defrauding the Medicaid program of \$472,000 by inflating costs and paying kickbacks to patients (*New, Jersey v.- Chulak, NJ* Super. Ct., No. 99-08-00150-S, conviction 12/14100).

After a seven-day trial in New Jersey Superior Court, Genady Chulak was convicted of theft by deception, corporate misconduct, and two counts of Medicaid fraud, state Attorney General John J. Farmer Jr. said in a news release. Chulak could receive up to a 10-year sentence in state prison.

At trial, the state presented evidence that Chulak and his wife, Elana Bilenkin, inflated mileage charges for invalid coach transportation services their company provided to Medicaid patients. He also was convicted of paying kickbacks to Medicaid patients to use his company's vans.

New Jersey's Medicaid program pays companies like Chulak's a set rate for mileage to transport patients to and from health care providers' offices, with the rate based on such factors as the trip's length and the number of passengers.

Chulak's wife was named in the indictment along with Chulak and their company, GGE Impact Corp., trading as Medicall. Bilenkin pleaded guilty Dec. 5 to the same charges of which her husband was convicted and testified against him at trial, Deputy Attorney General Francine Pozner told BNA. Chulak and Bilenkin are scheduled to be sentenced Feb. 20.

The state probably will seek dismissal of the charges against the couple's now-defunct company, Pozner said.

She said the Medicaid fraud unit in New Jersey's Office of the Insurance Fraud Prosecutor has been focusing on cases involving invalid coach companies for at least the past three years.

"When one went down, the others started following," Pozner said, explaining a recent rash of enforcement activity involving invalid coach companies in New Jersey (4 HFRA 880, 12/13100; 4 HFRA 759, 11A/00; 4 HFRA 601, 8/23/00).

**State v. Genady Chulak  
(Medicall)**

# Casino housekeeper charged with identity theft

- December 2, 2000 - 9:59 AM

By PAT ARNEY  
Staff Writer, (609) 272-7204

ATLANTIC CITY - A housekeeper at a local casino hotel was arrested Thursday and charged with identity theft and theft by deception, Atlantic County Prosecutor Jeffrey S. Blitz said Friday.

Rosa Antonia Huiza Ramos, 40, an illegal alien from Peru, allegedly assumed the name, age and Social Security number of a woman living in New York.

Ramos is accused of using the stolen identity to secure medical insurance through her union, Blitz said. She allegedly sought medical treatment, much of it paid for under the stolen identity.

The case came to light when some of the medical bills, which totaled approximately \$4,500, were not covered by the medical insurance and not paid for by Ramos.

The bills were turned over to a collection agency, which discovered the New York woman's address through the use of her Social Security number and date of birth, according to Blitz.

The New York woman's husband contacted the Atlantic County Prosecutor's Office in November, after his wife began receiving collection notices for medical bills in Atlantic County that she did not incur.

Ramos' arrest was the result of an investigation by Sgt. George Rochelle and Investigator David Weiss of the prosecutor's Insurance Fraud Task Force.

Ramos, who lives in the 600 block of North Dover Avenue here, remained in jail Friday in lieu of \$10,000 cash bail set by Municipal Court Judge Henry Broome.

Identity theft and theft by deception under \$75,000 are third-degree crimes that carry a maximum penalty of five years in prison upon conviction.

**ATLANTIC COUNTY**

27 December 2000

Source: *bergen.com*

## **Damage Claim Leads To Charge**

WESTWOOD -- A Westwood man was indicted by a Bergen county grand jury on Tuesday for allegedly attempting to commit insurance fraud by falsely reporting vehicle damage.

Robert W. Fraser, 41, of 540 Fairview Ave., Apt. 301, was charged with one count of attempted theft by deception and one count of theft by deception, said Assistant Bergen County Prosecutor David J. Nathanson.

The alleged offense follows a bad fishing decision that Fraser allegedly made on Dec. 26, 1999, when he drove his 2000 Chevrolet Blazer along the shore at Union Beach, Monmouth County, during low tide, Nathanson said.

As Fraser drove farther into the water, the Blazer got stuck in the mud, he said. A friend tried to tow the Blazer with his 1985 Ford pickup, but that truck also got stuck, Nathanson said. Soon, both vehicles were swallowed by the rising tide.

Relieving the friend of his soaked pickup, Fraser purchased the vehicle on Dec. 27, 1999. Fraser then falsely submitted a claim for damage to the pickup on Dec. 28, 1999, although he did not own it at the time of the incident, Nathanson said.

Great American Insurance Co. detected the fraud before the payoff, but not before paying for the cost of the uninsured vehicle to be removed from the bay, he said.

Although a summons was issued for Fraser last month, he could not be located. He will be served with a notice to appear for arraignment in Superior Court or a warrant will be issued for his arrest, Nathanson said.

Fraser could face 10 years in state prison, \$30,000 in fines, and full restitution if he is convicted, Nathanson said.

Author: Nicole Gaudiano

Publisher: Bergen Record Corp.

**BERGEN COUNTY**

News | Wednesday, August 30, 2000

## Vineland woman accused of practicing medicine without license indicted

By TIM ZATZARINY JR.

Staff Writer, (856) 794-5113

**BRIDGETON** -- A 42-year-old woman accused of practicing medicine without a license at her Vineland mental-health clinic was indicted last week by a Cumberland County grand jury.

Alice Yolanda Carmona, also known as Yolanda Carmona, of the Cedar Crest Mobile Home Park in Vineland, was indicted on two counts of unauthorized practice of medicine and two counts of endangering the welfare of a child.

Starting last November, Carmona ran her clinic, Vineland Human Services, out of an office at Landis Avenue and Eighth Street, authorities said.

Police learned of her practice after Carmona attempted to give medication to a youth at the Cumberland County Juvenile Detention Center at the request of the boy's mother, said County Prosecutor Arthur Marchand.

When the staff asked Carmona for her credentials, she couldn't produce them, according to Marchand.

Officials then contacted the New Jersey Board of Medical Examiners, which said it had no record of Carmona being licensed to practice medicine in the state.

Carmona used the name of another doctor licensed to practice in New Jersey, according to the indictment.

Detectives uncovered evidence of two prior incidents at the Detention Center in which Carmona treated young people and changed the prescribed medication for one of them, Marchand said.

**BERGEN COUNTY**



At a bail hearing last month, Carmona's lawyer, J. David Alcantara of Ventnor, described his client as "a person who cares a lot about her work."

Alcantara said Carmona has a master's degree in special education and called her "a highly educated woman."

Alcantara said Carmona would cooperate with authorities.

For at least a year, Cannona treated patients in Vineland's Hispanic community, prosecutors said. One patient said Carmona's office often was full.

Carmona lived in Florida for 17 years before coming to Vineland, said Assistant Cumberland County Prosecutor Duane Bell.

In September 1997, she was terminated from her job as a mental-health counselor with Jeff Industries, a nonprofit organization in Hypoluxo, Florida, because it was discovered she lied about having a doctorate degree, according to Bell.

Carmona did not have a license to practice medicine in Florida, Bell said.

He said the state is investigating whether Carmona committed Medicaid and Medicare fraud by illegally writing prescriptions for her patients.

Carmona faces a maximum sentence of 30 years in prison if convicted of all the charges.

She was being held in the County Jail in lieu of \$30,000 bail.

Woodbury man accused of filing false claim

Article last updated:

Saturday, September 23, 2000 2:34 PM MST

## Woodbury man accused of filing false claim

WOODBURY-- Detectives in the Gloucester County Prosecutor's Office Insurance Fraud Unit arrested a Woodbury man on Wednesday for filing a false insurance claim.

On Feb. 20, Kevin Stokes of Nelson Avenue reported his 1999 Jeep had been stolen.

Following an investigation, it was determined Stokes had hit a dumpster, causing damage to the vehicle, and abandoning it at Second and Atlantic street in Camden.

Stokes is charged with attempted theft by deception, falsifying records and making a false report.

He was released on his own recognizance. He could possibly face three to five years in state prison if convicted.

-- Shawn Menzies

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**GLOUCESTER COUNTY**

# **3 face charges of fraud**

**02/03/00**

By JOHN McGOURTY  
Staff Writer

TRENTON -- Three men were indicted yesterday on insurance-fraud charges following an investigation coordinated by a new unit of the Mercer County Prosecutor's Office.

Joseph Manlio, 27, of East Windsor, Thomas Mosca, 38, of Mansfield, and Craig Wheelock, 28, of Hamilton were indicted on a charge of conspiracy to commit theft by deception, according to Prosecutor Daniel G. Giaquinto.

Manlio allegedly plotted with Mosca in Burlington Township on July 12, 1998, to dispose of a truck and collect insurance money, Giaquinto said. According to Giaquinto, Manlio gave the truck to Wheelock who drove it into a tributary of the Delaware River. Manlio reported the truck stolen to the East Windsor Police Department and sought payment from his insurance company, according to the prosecutor.

If convicted, each defendant could be sentenced to three to five years in prison.

Assisting in the investigation were East Windsor Detective Kenneth Supple and the Liberty Mutual Insurance Group.

The probe was headed by the prosecutor's Insurance Fraud Unit, led by Assistant Prosecutor Lawrence McGivney. The unit was formed using a two-year grant of \$433,000 from the state Attorney General's Office.

Giaquinto said that in the past three years, about 470 cases of fraud in Mercer County have been investigated by state agencies while the county handled only six cases.

"Scarcity of resources has prevented the Mercer County Prosecutor's Office from sufficiently addressing the problem of insurance fraud in the past," Giaquinto said. "The cost of such illicit activity is inevitably passed on to the consumer in escalating insurance rates," he said.

"It was our goal to significantly increase the county prosecutors' involvement in the investigation and prosecution of insurance fraud case referrals from the state and other agencies and to engage in proactive insurance fraud investigation," said State Insurance Fraud Prosecutor Edward Neafsey.

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**MERCER COUNTY**

## Man faces insurance fraud charges

Published in the Home News Tribune 4/18/00

By SUZANNE C. RUSSELL  
STAFF WRITER

A Metuchen man who owns a Carteret insurance agency has been charged with selling automobile insurance cards without filing them with the insurance carrier, leaving the clients unknowingly without coverage.

As police continue their investigation, they're hoping to locate more victims of the insurance fraud.

Linden Traffic Investigator Andrew Haszko said Fred B. Rossi, of Greenwald and Rossi Inc., a real-estate and insurance firm at 186 Washington Ave., Carteret, was arrested April 6 and charged with forgery and simulation of motor-vehicle insurance cards, an indictable offense.

John Hagerty, state police spokesman said Rossi was arrested around 9:30 a.m. at his East Chestnut Street home in Metuchen. He was processed at the New Jersey State Police station in Newark and taken to the Middlesex County Jail in North Brunswick.

Officials said Rossi later posted \$15,000 bail and was released.

Haszko said an investigation by Linden police and the state Office of the Insurance Fraud Prosecutor revealed Rossi allegedly had sold insurance an cards without filing them with the insurance carrier. As a result, clients were uninsured because the insurance cards they possessed were not valid.

"The insurance companies had no record of the policies," Haszko said. "We believe it's been an ongoing thing."

Linden police first became aware of the problem in February 1999 when they arrested someone who was using a fraudulent insurance card issued by Rossi. They contacted the state police after learning the case involved another county.

Carteret Police Director Christopher Elg said a borough resident reported a similar incident involving Rossi last December in which insurance payments had been made and a temporary card issued, only to be notified later by the insurance company that the policy was canceled. Elg said the resident was able to reach an amicable settlement with Rossi and no criminal charges were filed.

Elg said the business remains in operation. No one could be reached at the company yesterday.

Police believe there may be more victims and are looking for anyone with information to contact the hot line for the Office of the Insurance Fraud Prosecutor at (609) 896-8812 or the Linden Police Department Traffic Bureau at (908) 474-8505.

from the Home News Tribune

Published: April 18, 2000

## 2 charged in backhoe insurance scam

01/20/00

**By Gabriel H. Gluck  
STAFF WRITER**

A Roxbury father and son face theft and insurance fraud charges following their pre-dawn arrest and the seizure of nearly \$400,000 in heavy equipment from their excavating company, the Morris County Prosecutor's Office said yesterday.

Authorities charge that the two men, George and Gregory Underhill, would report the theft of company backhoes, which, in fact, were not stolen, and then collect on the insurance. In at least one case, a "stolen" backhoe was then used as a trade-in for a newer model.

Attempts to reach the Underhills for comment were unsuccessful.

Morris County Prosecutor John Dangler said the Roxbury firm has been under investigation since August and that other aspects of the probe still are being pursued.

Dangler disclosed yesterday that at approximately 5 a.m. on Tuesday, three teams of law enforcement officers simultaneously executed warrants at the homes of George Underhill, 64, of South Hillside Avenue, Succasunna, and Gregory Underhill, 41, of Emmans Road, Roxbury, and at George Underhill Excavating Corp., 571 Route 46, Kenvil, where business records were seized.

Both Underhills were charged with theft by deception and receiving stolen property, according to Capt. Chris Linne, spokesman for the prosecutor's office.

Police were tipped off to the insurance scam in August when they learned that a backhoe reported as stolen the previous January was actually being stored at the company's Kenvil site. The company had reported that a Case backhoe and an asphalt tamper and roller were stolen from the construction site at the old Ledgewood traffic circle, Linne said.

**MORRIS COUNTY**

Linne credited Roxbury Detective Kyle Sheplack for pressing the case. "A tip on one piece of equipment led to the discovery of the others. Thanks to his good efforts, this investigation took off," Linne said.

As Sheplack probed deeper, more agencies were drawn into the investigation, he said. Also involved were the State Police auto-theft unit, the Morris County Sheriffs Office and the National Insurance Crime Bureau.

Further investigation revealed that in September 1996, George Underhill reported the theft of a backhoe in Roxbury and received a \$43,610 insurance payment for the loss from the Maryland Casualty Insurance Co.

In March 1999, George Underhill then traded in the previously reported stolen backhoe towards the purchase of a newer model and received a \$17,000 credit for the trade-in.

In February 1998, Gregory Underhill reported the theft of another Case backhoe from the Kenvil business location, and the company again received a check from its Maryland insurer, this time for \$20,000. That backhoe also was found by police on Tuesday, Linne said.

Last April, George Underhill reported another Case backhoe stolen from a construction site in Metuchen. This time, the Zurich Insurance Co. paid out \$50,493.38. That backhoe also was recovered, Linne said.

In total, police seized five backhoes at the Kenvil site and a sixth at a job site in Jersey City, with a total estimated value of approximately \$400,000. Two of the backhoes were newer models purchased with the insurance funds from the previously reported thefts, he said.

Both father and son were released on their own recognizance and ordered to appear in municipal court on Jan. 25. If convicted, they face five to 10 years in state prison.

## **Burned car was key in fraud case**

**Published in the Asbury Park Press 10/13/00**

By CAROL GORGA WILLIAMS  
TOMS RIVER BUREAU

TOMS RIVER -- The key that solved one mystery at Manchester's Crystal Lake came not from a car police divers recently pulled from the watery depths but from one found burned on shore.

Authorities yesterday said they have solved one case involving discarded vehicles at the site, also known as Asarco Lake.

As they suspected, the car is part of an insurance fraud scheme and four people have been arrested, according to Ocean County Prosecutor E. David Millard.

It all began with a tip to the Ocean County Prosecutor's Office from South Toms River Police Chief Andrew Izatt. When prosecutor's investigators went to Manchester to check out the tip about the burned car, local police pointed out the other vehicles sitting at the bottom of the lake.

The vehicle was a leased 1998 Chrysler Sebring and authorities say it was burned on March 17 on one of the many dirt roads that criss-cross the 7,000-acre parcel. Authorities found the burned-out shell four days later, on March 21.

Authorities said Renee Nesser, 84, and her son, Lawrence Nesser, 43, of Bradley Beach, are charged in connection with the insurance scheme involving their leased Sebring.

Authorities said Lawrence Nesser, the primary operator of the vehicle, contacted James Russo, 45, of Brick, to arrange illegal disposal of the Sebring, which has mileage in the amount of 83,000. Only 30,000 miles is permitted without penalty by the contract, authorities said.

It seems Russo and Lawrence Nesser have known each other for years and have even been arrested together.

In 1996, they were arrested by South River police when Nesser, then president of Street Beats record store there, was found in possession of pirated cassettes. Police seized 12,000 pirated audio-cassette tapes, 1,800 new cassette tapes, various master

**OCEAN COUNTY**

tapes, \$3,900 in cash as well as computers, hard drives, faxes and business records from his home and store, according to authorities.

In an unrelated case, Russo was arrested Aug. 31 at the Garden State Parkway rest area in Wall for his role in possessing 170 pounds of marijuana, according to authorities. He remains in Monmouth County Jail, Freehold, in lieu of bail of \$1 million on that charge.

In the case involving the Sebring, Russo, Schindler Drive, has been charged with theft by deception, theft by unlawful taking, defrauding secured creditors and conspiracy to defraud, according to authorities. His bail on those charges is \$12,500, no 10 percent option.

Authorities say that in March, Russo contacted Thomas Allen Palmarini, 27, of Lafayette Avenue in Seaside Heights, to take the car from Bradley Beach. Palmarini, accompanied by two juveniles aged 16 and 17, initially was going to take the vehicle to New York City, where they hoped it would get stolen.

But they detoured to the lake, where they got caught in pits in the sandy roads and set the car ablaze instead, authorities said.

In this case, Palmarini is charged with theft by deception, theft by unlawful taking and defrauding secured creditors, according to authorities. His bail is set at \$ 10,000, no 10 percent.

Authorities said Lawrence Nesser and his mother both are charged with theft by deception, theft by unlawful taking, defrauding secured creditors and conspiracy to defraud. His bail was set at \$5,000, no 10 percent option. She was released on a \$7,500 personal recognizance bond.

The title to the Sebring was held by CoreStates Bank and Allstate Insurance Co. provided coverage, authorities said. Mrs. Nesser reported the Sebring stolen on March 18 and filed an insurance claim for the loss, Millard said.

Authorities have been investigating Crystal Lake as a possible destination point for discarded leased or luxury vehicles.

The site was operated by American Smelting and Refining Co. between the 1960s and 1982. The company mined sections for ilmenite sands rich in titanium oxide, which was used as a pigment in white paint.

The site is so isolated -- six-tenths of a mile from Bone Hill Road off Route 37 West -- that authorities believe it was chosen specifically for use by a car thief or thieves.

Because of the age and value of the cars, authorities also suspect many of them may have been dumped there and reported stolen in an insurance fraud.

Working with state police Technical Emergency and Missions Specialists units, Manchester police, the Ocean County roads department and the



prosecutor's insurance fraud unit, Capt. Robert Peck and Sgt. Robert Urie have been tracking down owners of the other vehicles authorities began pulling from the lake Sept. 13.

Those cases remain open and authorities do not suspect these four are involved in those cases, authorities said.

Eleven vehicles and a boat have been recovered from Crystal Lake and a smaller adjacent lake on the site of the former smelting operation that began phasing out operations in 1981. The land was then sold to Heritage Minerals.

The property was sold to Hovsons Inc. and Homeland Corp. in 1984. The company has sought permits to build Heritage Village, a planned community of houses, apartments, town houses and commercial buildings.

Carol Gorga Williams: (732) 557-5732 or carolg@app.com

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# 16 indicted in car insurance fraud cases

*Tuesday, August 1, 2000*

By JENNIFER V. HUGHES  
*Staff Writer*

More than a dozen people from all over North Jersey were indicted Monday on charges that they falsely reported their cars stolen from the Willowbrook Mall in Wayne.

Most of the 16 defendants, who operated independently, never collected any insurance proceeds, said Arthur Margeotes, the Passaic County chief assistant prosecutor in charge of auto insurance fraud.

According to the indictments -- among the last to be returned by the county's special insurance fraud grand jury -- the crimes took place from July 1996 through January 1999. Passaic County Prosecutor Ronald S. Fava said many people have the mistaken belief that it will be easier to convince authorities that a car was stolen from the mall.

"Normally, they've gotten in over their heads and are unable to afford the lease, or the lease is ending and they're way over the mileage and now they have to pay \$3,000 in penalties," said Fava.

Fava said that at one point, the mall presented a much more legitimate threat of a stolen car, but cars are a lot harder to steal now.

"We'd like to make people understand that Willowbrook Mall is not a safe place to fraudulently report your car stolen," Fava said.

Margeotes said that in many of the indictments from Monday, the cars were luxury models such as BMW or Lexus.

**PASSAIC COUNTY**

"In some cases the person would report it stolen on, say, a Wednesday, and the car was actually recovered on the Tuesday before in New York City," he said. In other cases, officials were skeptical about the driver's veracity because of a car's extensive anti-theft devices.

The defendants who are charged with theft by deception are Maxim Khoudiakov of Sayerville, Jeffrey Kovatch of Totowa, and Ronald Triefler of West Caldwell.

Those charged with attempted theft by deception are Rushdy Boutros, who lists addresses in Old Bridge and Jersey City; Vicki Trickett of Barnegat, Sean Jacobs of Boonton; Zini Colaker of Pequannock; Scott Meshulam of Wayne; Paul Aiello of Brickville; George Coppola of Medford; Bradley Freeman of Bergenfield; Alex Torresola of Ledgewood; Yajaira Berrios of Paterson, Dharmesh Patel of Lodi; and Percy and Gina Pollard of Paterson.

All defendants are charged with third-degree crimes offenses that can carry up to five years in prison, but don't typically carry jail time for first-time offenders.

Staff Writer Jennifer V. Hughes' e-mail address is  
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